



Ministry of
Finance
of Ukraine



Business Development Fund (BDF) of Ukraine

Basic Environmental and Social Management System (ESMS)

(for BDF Beneficiary Enterprises' Business Activities
supported through projects financed by World Bank
and/ or other International Finance Institutions)

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Acronyms and Abbreviations

BDF	Business Development Fund
BE	Beneficiary Enterprise
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECM	External Communications Mechanism
EHSGs	Environmental, Health, and Safety Guidelines
ERW	Explosive Remnants of War
E&S	Environmental and Social
ESF	Environmental and Social Framework
ESMS	Environmental and Social Management System
ESS	Environmental and Social Standards
FI	Financial Intermediary
FNS	Food and Nutrition Security
GBV	Gender-based Violence
GIIP	Good International Industry Practice
GRM	Grievance Redress Mechanism
GRS	Grievance Redress System
IABU	Independent Association of the Banks of Ukraine (IABU)
IFIs	International Financial Institutions
IPF	Investment Project Financing
KfW	KfW Group
M&E	Monitoring and Evaluation
MoF	Ministry of Finance
MSME	Micro, Small, and Medium-sized Enterprises
NBFI	Non-banking Financial Institution
NBU	National Bank of Ukraine
OHS	Occupational Health and Safety
PFIs	Participating Financial Institutions
RCA	Root Cause Analysis
SEA/SH	Sexual Exploitation and Abuse/Sexual Harassment
SEP	Stakeholder Engagement Plan
TA	Technical Assistance
WB	World Bank
WBG	World Bank Group

1. INTRODUCTION

The **Business Development Fund (BDF) of Ukraine** has established an **Environmental and Social Management System (ESMS)** to ensure systematic identification, assessment, management, monitoring, and reporting of the E&S risks and impacts of the business activities of micro, small, and medium-sized enterprises (MSMEs) or larger enterprises¹ supported by BDF (collectively referred to as BDF “**beneficiary enterprises**” or “**beneficiaries**”).

The ESMS will be implemented for BDF projects and programs financed by World Bank, KfW Group (KfW) and other International Financial Institutions (IFIs). BDF’s ESMS (herein after referred to as “**BDF ESMS**”) is designed to be aligned with the requirements of World Bank Environmental and Social Standard (ESS) 9 and IFIs for financial intermediary (FI) investments and takes into account the Good International Industry Practices (GIIPs) on E&S risk management for FIs and the World Bank Group (WBG) Environmental, Health and Safety Guidelines (EHSGs).

The approach² to ESMS establishment for BDF is summarized in Figure 1. This document is the **Basic ESMS** that will be applicable to beneficiary enterprises’ business activities (“**beneficiary business activities**”) with E&S risks and/ or activities rated as having **moderate** or **low**³. For beneficiary business activities with more complex E&S risks and/ or activities classified as **substantial** E&S risk, BDF will utilize “**Detailed ESMS**” for their finance decision-making process.

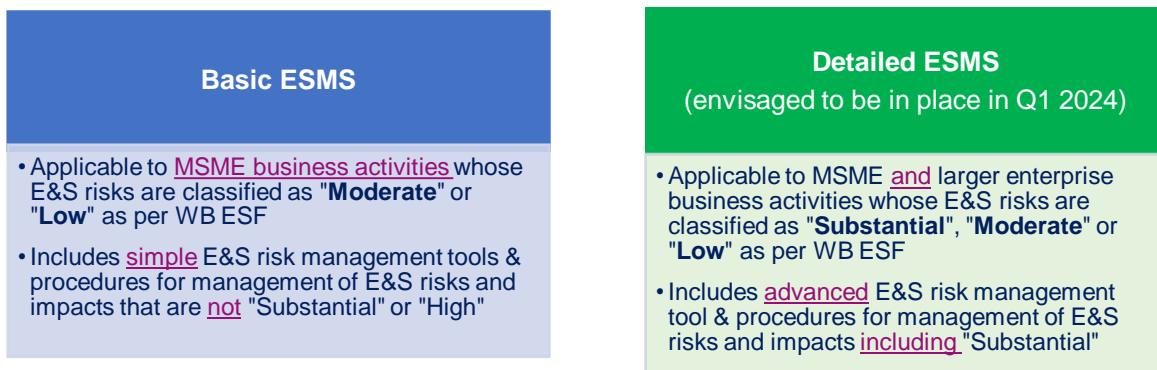


Figure 1 – Summary of the Approach to ESMS Establishment for BDF

BDF ESMS consists of the following elements, which are detailed in Chapter 2:

- (i) Environmental and Social (E&S) Policy
- (ii) Clearly defined procedures for the identification, assessment and management of the E&S risks and impacts of the business activities of beneficiary enterprises
- (iii) Organizational capacity and competency
- (iv) Monitoring and review of E&S risks of business activities of beneficiary enterprises
- (v) External Communications Mechanism (ECM)

¹ In the aftermath of Russia’s invasion of Ukraine, the credit program 5-7-9 has been temporarily extended to enterprises of all sizes beyond MSMEs. In accordance with the Decree of the Cabinet of Ministers of Ukraine dated 27 December 2023, No. 1403, changes were made to the credit program 5-7-9, which excluded large enterprises from the program.

² Please refer to Section 1.3.3 for detailed description of the approach.

³ BDF will classify beneficiary enterprises’ business activities into one of the four classifications: High Risk, Substantial Risk, Moderate Risk or Low Risk as detailed under Chapter 2.

As a critical element of the ESMS, BDF has adopted and published an E&S Policy in **January 2024** to set out its commitment to incorporating E&S risk considerations into the credit approval processes associated with financing **of beneficiary enterprises in order** to manage the E&S risks and impacts of the beneficiary business activities (as detailed in Chapter 2).

BDF ESMS will be effective on **January 23, 2024**.

BDF provides financing to beneficiary enterprises through **Participating Financial Institutions (PFIs)** in Ukraine. BDF will;

- (i) require and cause the PFIs to apply this ESMS where no ESMS exists for a PFI, or
- (ii) ensure that in the case of an existing ESMS by a PFI, the respective PFI aligns with the principles of this ESMS for overall management of E&S risks and impacts of the portfolio investments.

BDF requirements for **PFI ESMSs** are further specified in Section 1.4.

1.1. Business Development Fund (BDF)

Business Development Fund (BDF) is a state-owned non-banking financial institution (NBF) in Ukraine licensed by the National Bank of Ukraine (NBU) and subject to its regulation and supervision. It is a non-profit legal entity formed under a charter approved by the Ukraine Ministry of Finance (MoF) focused on improving access to finance for MSMEs as well as large enterprises.

BDF was first established as a Fund in 1996 by the National Bank of Ukraine (NBU) with the collaboration of German Development Bank (KfW) to support microlending program for micro and small enterprises. In 1999, it was transformed into the German-Ukrainian Fund, with contributions from the GoU represented by MoF, and from the NBU. In 2020, the German-Ukrainian Fund was transformed into the state-owned BDF for providing support to small and medium-sized enterprises and since then it manages the credit program 5-7-9 and other SME finance programs. NBU exited the ownership of BDF and in 2022, KfW of Germany also exited, leaving BDF as a NBF, wholly owned and controlled by the Ukraine MoF and managed by the MoF Independent Investments Department. Over the course of 2022, BDF took over and directly employed the majority of Independent Investments Department staff and all employees have become BDF staff.

BDF's business model is comprised of two main wholesale banking activities:

- (a) making wholesale loans and giving credit guarantees for on-lending to Ukrainian business enterprises by commercial banks in Ukraine; and
- (b) acting as an agent for the MoF and regional authorities for the payment of interest subsidies on MSME and corporate loans, mainly the credit program 5-7-9.

In the aftermath of Russia's invasion of Ukraine, the credit program 5-7-9 has been temporarily extended to enterprises of all sizes beyond MSMEs.

BDF, as with the other European development banks, operates based on the "secondary institution" principle. As such, support for business enterprises' financing is provided not directly, but through partner banks (representing **Participating Financial Institutions** – PFIs that are participants in the BDF loan programs, as well as **authorized banks** that are participants in the state "credit program 5-7-9").

The goal of the BDF in this scheme is to:

- Provide support for MSMEs⁴ and larger enterprises financing through **PFIs**⁵ within the framework of national programs and projects, and projects financed by IFIs, and
- Strengthen the institutional capacity of PFIs banks in financing MSMEs and larger enterprises.

General implementation scheme of BDF programs based on the secondary institution principle is presented in Figure 2.

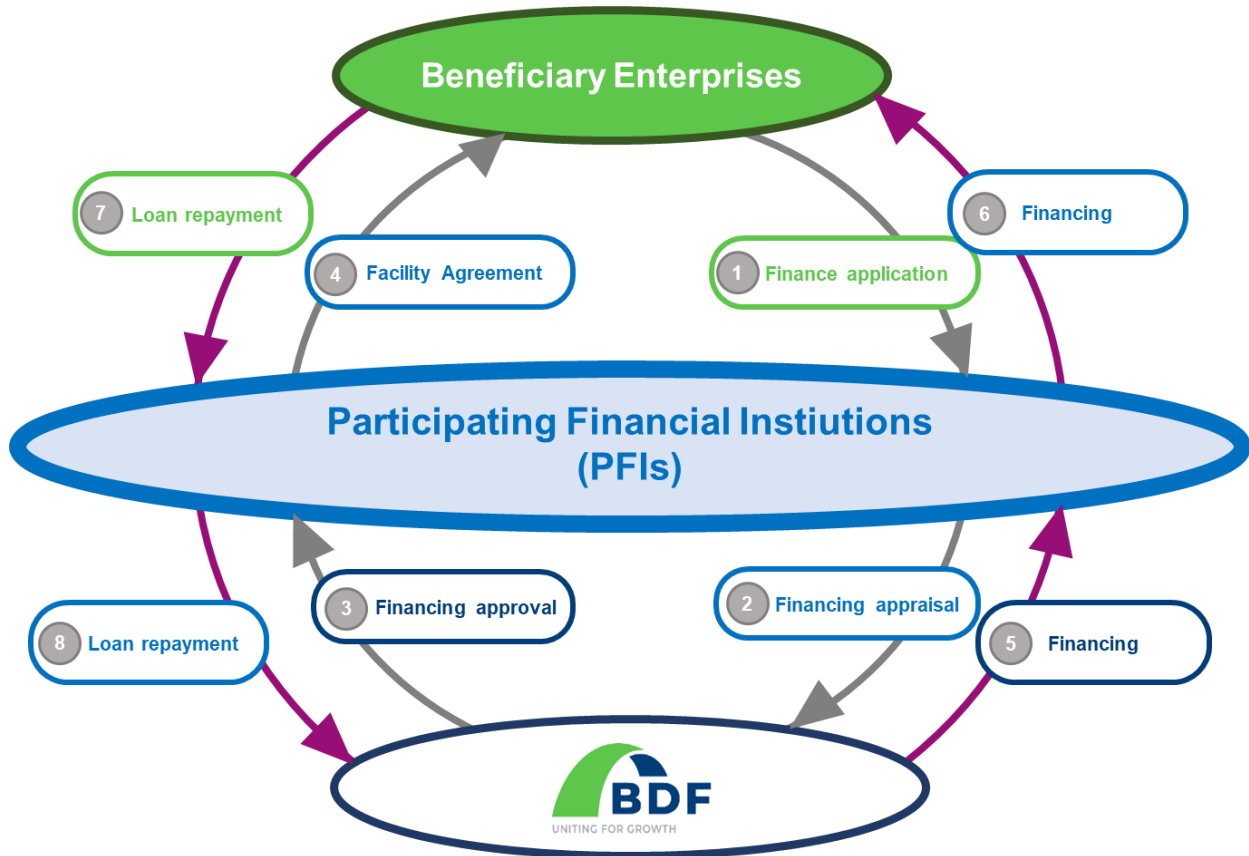


Figure 2 – General Implementation Scheme under BDF Programs

The **current** governance structure at BDF is presented in Figure 3.

The governance structure and capacity building **planned** for effective implementation of the ESMS is presented in Section 2.7.

⁴ Micro, small and medium-sized enterprises (MSMEs) that employ less than 250 persons and have an annual income up to 50 million EUR.

⁵ As of Q4 2023, number of PFIs (partner banks) of BDF is 42 and number of leasing companies BDF is working with is 6.

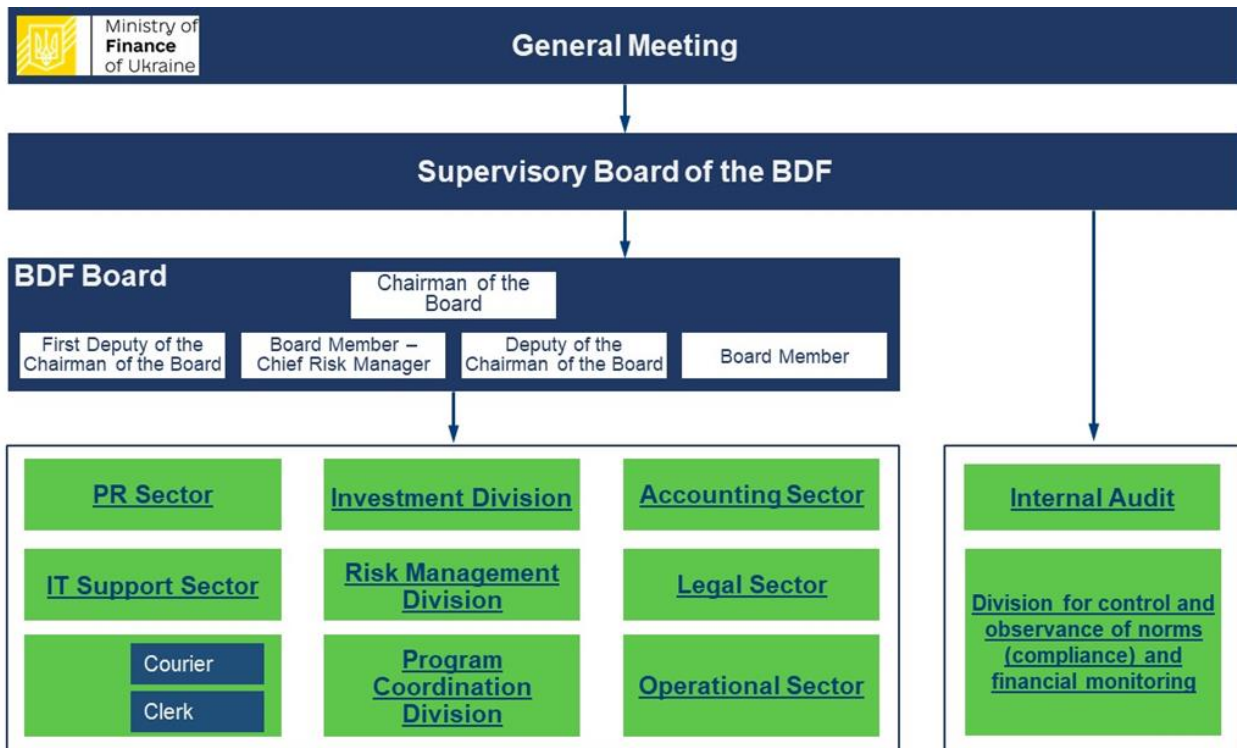


Figure 3 – Current Governance Structure at BDF

This **current** structure consists of the following:

- The **MoF** representing the state with powers equivalent to a sole owner and member of the Shareholders Assembly/ **General Meeting**;
- A **Supervisory Board**, which consists of two representatives of the state (represented by the Ministry of Finance of Ukraine) and three independent members. In accordance with the new chapter of the Fund, approved by the order of the Ministry of Finance of Ukraine dated 14 December 2023, control over the activities of the Fund will be ensured by the **Supervisory Board**;
- A **Management Board** charged with the operational management of BDF.
- An **independent⁶ internal auditor** reporting to the Council;

⁶ The internal auditor is part of BDF's organization but independent in its function and will report directly to the Council.

1.2. Overview of BDF Financing Activities under Projects Financed by IFIs

BDF has long-time experience of managing credit lines from KfW (1996-2022), grants from the European Commission (EC) (2019-2021), and the credit lines and technical assistance (TA) from the World Bank (2009-2012). To date, BDF has collaborated with following IFIs for the implementation of investment projects:

- The World Bank (WB)
- European Bank for Reconstruction and Development (EBRD)
- KfW
- Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
- German Sparkassenstiftung
- Luxembourg Agency for development Cooperation
- USAID
- Western NIS Enterprise Fund (WNISEF)

1.2.1. BDF as a Financial Intermediary (FIs)

BDF acts as a **financial intermediary (FI)**⁷ for the financing business activities of beneficiary enterprises through the projects and programs financed by IFIs.

An overview of the Implementation Scheme of BDF for interest rate compensation under the credit program 5-7-9 from World Bank's funds is presented in Figure 4.

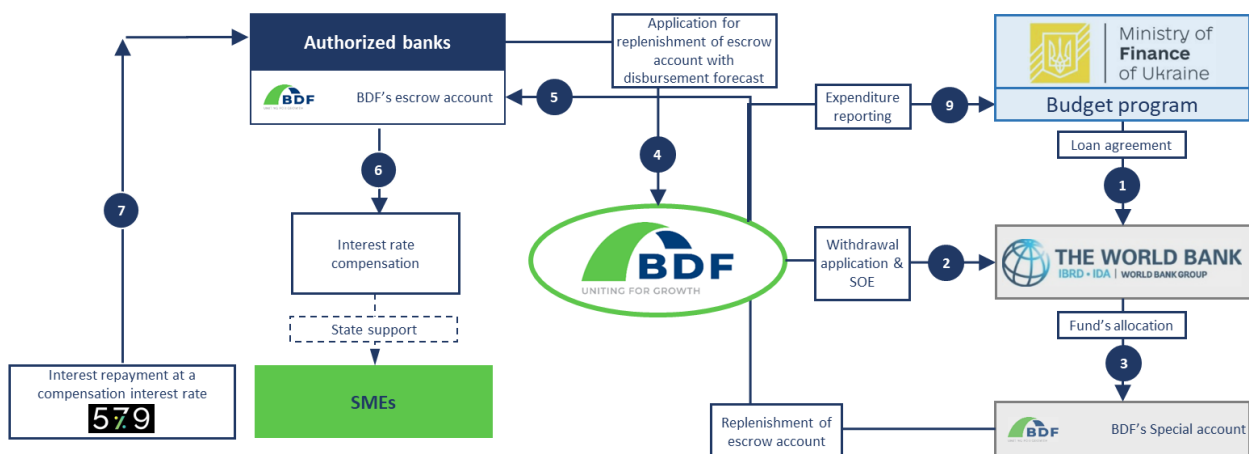


Figure 4 – BDF Implementation Scheme for Interest Rate Compensation under the Credit Program 5-7-9 with finance from World Bank

⁷ WB ESF defines the Financial Intermediaries (FIs) as public and private financial services providers, including national and regional development banks, which receive financial support from the IFIs and channel financial resources to a range of economic activities across industry sectors.

1.2.2. Participating Financial Institutions (PFIs)

Participating Financial Institutions (PFIs) are commercial banks, domestic to Ukraine, that act as intermediaries for extending BDF financing to beneficiary enterprises. In terms of E&S risk management consideration in financial intermediation, PFIs are also considered **FI**s for the purposes of this ESMS.

BDF PFIs, providing on-lending to beneficiary enterprises, are required to maintain and implement satisfactory ESMS to manage the E&S risks and impacts associated with their investment decisions to BDF beneficiary enterprises. PFIs ESMS will be incorporated into their existing credit decision making processes. Eligibility of potential PFIs in participating BDF programs will be reviewed and assessed by BDF for each PFI before they take part in those programs.

BDF requires respective PFIs to adopt and implement ESMS satisfactory with WB ESS9 and requirements of other relevant IFIs for financial intermediary investments prior to on-lending to beneficiary enterprises:

- (i) Where no ESMS exists at a PFI, the PFI can adopt and implement this ESMS as part of its credit decision making process
- (ii) If a PFI already has an ESMS, BDF shall review and ensure that the ESMS meets IFI requirements for financial intermediaries.

All BDF PFIs are required to provide sufficient capacity for the implementation of their respective ESMS. At the local level, PFIs have branch networks, which support BDF in BDF financed projects and programs.

1.2.3. Beneficiary Business Sectors

The main sectors that are eligible for BDF financing include the following (considering BDF projects and programs financed by IFIs to date):

- Agriculture (48% within BDF beneficiary business activities)
- Trade (26% within BDF beneficiary business activities)
- Processing industry (16% within BDF beneficiary business activities)
- Others including construction, transport, services, health care, education (10% within BDF beneficiary business activities)

1.2.4. Beneficiary Enterprises

The beneficiary enterprises under the BDF financing activities will be existing and operating MSMEs and larger firms, including:

- Agricultural enterprises
 - Micro, small or medium-sized agricultural enterprises (MSMEs)
 - Larger agricultural enterprises until 27 December 2023⁸
- Non-agricultural enterprises (all economic sectors and business activities, e.g. processing industry)
 - Micro, small or medium-sized agricultural enterprises (MSMEs)
 - Larger agricultural enterprises until 27 December 2023

An illustrative list of typical business activities of potential BDF beneficiary enterprises, general characteristics of sectoral activities and their potential E&S risks and impacts is provided in [Annex A](#).

Eligibility criteria for enterprises to benefit from BDF projects and programs financed through IFIs will be defined by BDF and PFIs for each project and program. Such criteria may include but not be limited to the following:

- Enterprise registration status as per the requirements of applicable Ukrainian legislation
- Duration of operations for operating enterprises
- Ownership status (e.g. private individual, resident of Ukraine)
- Number of employees
- Annual revenue at the time of application
- Profitability for operating enterprises (e.g. within last four quarters)
- Business plan for new enterprises
- Status as per any applicable restriction stipulated by applicable Ukrainian legislation

⁸ In accordance with the Decree of the Cabinet of Ministers of Ukraine dated 27 December 2023, No. 1403, changes were made to the credit program 5-7-9, which excluded large enterprises from the program.

1.3. Overview of BDF ESMS

This section provides an overview of BDF ESMS. Detailed procedures for E&S risk appraisal and management are described in the following chapters.

1.3.1. ESMS Architecture

BDF ESMS is structured as follows:

Chapters

Chapter 1 Introduction

Chapter 2 ESMS Elements

2.1 E&S Policy

2.2 E&S Risk Management Process Overview

2.3 E&S Appraisal Procedures

2.4 Finance Decision-making by PFIs Integrating E&S Risk Considerations

2.5 Finance (Facility) Agreements Incorporating E&S Requirements

2.6 E&S Supervision, Monitoring and Reporting Procedures

2.7 E&S Capacity and Competency

2.8 External Communications

Chapter 3 ESMS Review and Update

Annexes

Annex A – BDF Beneficiary Enterprises' Typical Business Activities and Potential Sector-specific E&S Risks and/or Impacts

Annex B – BDF Exclusion List

Annex C – BDF Indicative List of High and Substantial Risk Activities

Annex D – BDF's E&S Due Diligence (ESDD) of the PFIs (*prior to approval of PFIs' participation into related BDF programs*)

Annex E – BDF's Environmental and Social Action Plan (ESAP) Template (for implementation by respective PFI) (*ESAP will be part of Facility Agreement between BDF and PFI*)

Annex F – PFIs' E&S Appraisal to their BDF Beneficiary Enterprises' Business Activities (*Template*)

Annex G – PFIs' E&S Corrective Action Plan (CAP) Template (for implementation by Beneficiary Enterprise) (*CAP will be part of Facility Agreement between PFI and Beneficiary Enterprise and monitored throughout financing life cycle*)

Annex H – E&S Risk Classifications adopted by BDF

Annex I – PFI's ESMS Performance – Periodic Monitoring Report (Outline)

Annex J – BDF's ESMS Performance – Periodic Monitoring Report (Outline)

Annex K – E&S Incident Notification Form Template (for use by all parties)

Annex L – E&S Incident Investigation Form Template

Annex M – Change Notification and Review Form

1.3.2. Applicable E&S Requirements and Reference Documents

Beneficiary enterprises financed by BDF through the PFIs shall adhere to the E&S regulatory requirements stipulated by the Ukrainian legislation, the BDF Exclusion, WB ESSs and relevant E&S requirements of other IFIs as applicable.

From the ESMS effectiveness date, the E&S requirements stipulated by the BDF ESMS will be applicable to beneficiary enterprises in their business activities financed by BDF through PFIs under projects and programs financed by WB or other IFIs.

To this end, BDF ESMS has been developed in line with the applicable international standards and taking into account the reference documents, including, *inter alia*, the following:

- World Bank Environmental and Social Framework (ESF, 2018) including Environmental and Social Standards (ESSs) forming part of the ESF;
- WB ESF for Investment Project Financing (IPF) Operations – Guidance Note for Borrowers for ESS9: Financial Intermediaries (2018);
- International Finance Corporation (IFC) – Guidance Note on Financial Intermediaries (2023);
- IFC ESMS Implementation Handbook – General (2015);
- IFC ESMS Implementation Handbook – Crop Production (2014);
- Good International Industry Practices (GIIP) including the World Bank Environmental, Health and Safety (EHS) Guidelines – General (2007) and Agribusiness Industry Sectors) and any other relevant EHS guidelines.

BDF will adopt and implement other applicable E&S requirements as required depending on the nature of its activities and the E&S risks and impacts of the potential business activities to be supported. This will include the E&S policies and standards of other IFIs BDF has been collaborating/ will collaborate with and standards that may be specific to business activities financed by BDF.

1.3.3. ESMS Scope of Applicability

The BDF ESMS will be **applicable to all BDF beneficiary enterprises whose business activities are deemed eligible⁹ for finance with support received from the World Bank, KfW and/ or as applicable other IFIs** from the BDF ESMS effectiveness date.

BDF's ESMS is designed to be commensurate with the E&S risks associated with business activities of BDF beneficiary enterprises.

The tools and procedures for BDF's ESMS will follow two E&S risk management approaches: namely, Options 1 and 2:

- **Option 1:** is the “**Basic ESMS**” which includes **simple** E&S risk management tools and procedures for management **lower risks, MSME transactions**, whose E&S risks are classified as “**Moderate**” or “**Low**” in accordance with WB E&S Framework.
- **Option 2:** is the “**Detailed ESMS**” which includes **detailed** E&S risk management tools and procedures for managing **larger corporate transactions** and for business enterprises whose E&S risks are classified as “**Substantial**” in accordance with WB E&S Framework.

⁹ Please refer to Section 2.3.1 for Transaction Screening stage of E&S appraisal process and [Annex A for BDF Exclusion List](#).

1.4. Overview of BDF ESMS Requirements for PFIs

The BDF will require and cause each PFI to apply this ESMS through preparing, adopting and implementing their own ESMSs designed to ensure that they identify, assess manage and monitor the E&S risks and impacts of the financed business activities of the beneficiary enterprises.

To this end, BDF will;

- (i) require and cause the PFIs to apply this ESMS where no ESMS exists for a PFI, or
- (ii) ensure that in the case of an existing ESMS by a PFI, the respective PFI aligns with the principles of this ESMS for overall management of E&S risks and impacts of the portfolio investments.

In Case (ii), **if a PFI already has an existing corporate ESMS**, it will be reviewed by BDF and as needed updated/ strengthened by the PFI in collaboration with the BDF. This is to ensure consistency of PFI's existing ESMS with the BDF ESMS and WB ESS9 as a condition of participation to BDF financing programs that are supported by WB or other IFIs. Ultimately, ESMS of each PFI is required to include, *inter alia*, the following elements:

- An **E&S Policy** approved by PFI senior management.
- An **Exclusion List** with the activities and types of business activities that are not eligible for financing.
- Clearly defined procedures for identification, assessment and management of the E&S risks and impacts of business activities to be financed including:
 - (i) Screening against the BDF Exclusion List and the national E&S laws of Ukraine;
 - (ii) Screening, reviewing, and classifying the activities according to their potential E&S risks and impacts within the defined eligibility criteria for financing;
 - (iii) Applying any relevant requirement of the ESSs through the use of E&S assessments and plans where necessary; and
 - (iv) Monitoring any corrective actions proposed for the activity. Any necessary assessments and plans shall be prepared and implemented by Agricultural Loans recipients after review and approval by PFIs and BDF.
- An organizational capacity and competency for implementing the ESMS with clearly defined roles and responsibilities.
- Monitoring and reporting of E&S performance of financed business activities and the effectiveness of ESMS implementation by PFIs.
- Incidents and accidents notification and subsequent reporting requirements.
- An External Communication Mechanism (ECM), including measures to address and respond to public enquiries and concerns in a timely manner.

BDF will require **PFIs to review and update** their ESMSs from time to time (at least annually) including when the E&S risk profile of their portfolio changes significantly.

2. ESMS ELEMENTS

Key elements of BDF ESMS are presented in Figure 5. These elements are designed to ensure systematic identification, assessment and management of the E&S risks and impacts of the BDF beneficiary enterprises in their business activities supported by BDF financing.

The system is designed to integrate the E&S appraisal outcomes into finance decision-making and transaction approval processes of BDF and its PFIs. This will be achieved by:

- (i) Implementing clearly defined **E&S appraisal procedures** consisting of
 - a. Transaction screening against the **BDF Exclusion List** the national E&S laws of Ukraine,
 - b. **E&S risk classification**, and
 - c. **E&S due diligence assessment for beneficiary enterprises' risks and impacts.**

BDF will require PFIs to undertake E&S appraisal of the prospective business activities **prior to** finance decision-making for proposed credit lines to Ukrainian business enterprises.

- (ii) integrating E&S risk management considerations and requirements, based on the outcomes of E&S appraisal, into **finance decision-making and transaction approval processes** of BDF and its PFIs. This will be achieved through structured decision-making events; and
- (iii) ensuring satisfactory E&S performance of BDF beneficiary enterprises by implementing **E&S supervision, monitoring, and reporting** procedures through its PFIs throughout the financing life cycle of beneficiary business activities.

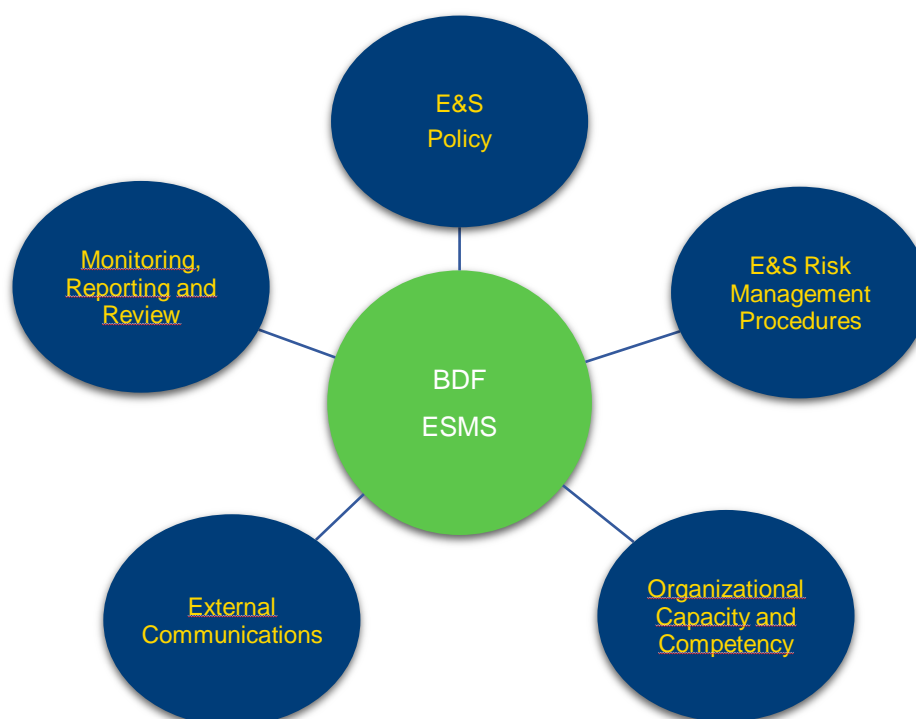


Figure 5 – Elements of BDF ESMS

2.1. Environmental and Social Policy

BDF has adopted and published¹⁰ an **E&S Policy (Policy)** as an overarching element of this ESMS. Through its E&S Policy, BDF sets out its commitment to incorporating E&S considerations into its financing to address and manage the E&S risks and impacts associated with the financing of MSMEs and larger enterprises through the PFIs and ensure that the beneficiary activities do no harm to people and the environment throughout the financing life cycle of supported activities.

Through its E&S Policy, BDF commits to fostering resilience and inclusive growth within Ukraine's business sector for MSMEs and larger enterprises. In this regard, BDF acknowledges its pivotal role in ensuring that beneficiary enterprises have equitable and sustained access to affordable financial resources that are essential to overcoming the unique challenges affecting businesses in Ukraine's sector.

BDF's E&S Policy sets forth the guiding principles on which the BDF's commitment to compliance with the applicable E&S standards and other cross-cutting E&S issues protection of human rights, climate mitigation, adaptation and resilience, promotion of gender equality, consideration of disadvantaged/vulnerable¹¹ groups or individuals, ensuring safe and healthy working conditions, including good occupational health and safety culture and practice, and maintaining an effective ECM covering stakeholder engagement, information disclosure, and grievance management aspects, are founded upon.

Based on these guiding principles, BDF seeks to promote the long-term viability and global competitiveness of the national enterprises operating within the agricultural and other business sectors, amongst others, while concurrently contributing to global Food and Nutrition Security. In this context, BDF positions itself as a catalyst, striving to strategically transform risks and challenges in Ukraine's business sector into opportunities for MSMEs and larger enterprises by promoting sustainable practices and leveraging climate-smart technological advancements through improved access to vital financial resources. The overarching goal is to propel Ukraine's agribusiness and other sectors towards an environment characterized by inclusive business growth, responding not only to immediate challenges and risks at the national scale but also laying the foundation for a prosperous and sustainable future for all.

In pursuit of this vision, BDF is committed to ensuring that partnering commercial banks (the "PFIs") systematically incorporate E&S risk management considerations, identified through robust E&S appraisal procedures, into their credit decision-making and transaction approval processes. This will promote the principle of responsible financing through BDF partner banks and will also allow Ukrainian enterprises to safeguard the social, environmental, and economic sustainability of their business activities.

¹⁰ <https://bdf.gov.ua/>

¹¹ Disadvantaged/Vulnerable groups or individuals refer to those who may be more likely to be adversely affected by the subproject impacts and/or more limited than others in their ability to take advantage of a subproject's benefits.

2.2. E&S Risk Management Process Overview

The E&S Risk Management Process under this ESMS consists of two streams:

- (i) **BDF's E&S Due Diligence (ESDD) of PFIs** prior to approval of PFIs participation into related IFI financed projects and programs (Section 2.2.1)
- (ii) **PFI's E&S Appraisal of BDF Beneficiary Enterprises' Prospective Business Activities** (Section 2.2.2)

2.2.1. BDF's E&S Due Diligence (ESDD) of PFIs

BDF requires respective PFIs, providing on-lending to beneficiary enterprises, to maintain and implement satisfactory ESMS to manage the E&S risks and impacts associated with their investment decisions to BDF beneficiary enterprises.

To this end, BDF will review each PFI to identify ESMS actions required from PFIs for providing on-lending to BDF beneficiary enterprises. There are two potential cases BDF can encounter as part of this review:

- **Case (1) – No ESMS exists at a PFI.**

Where no ESMS exists at a PFI, the PFI can adopt and implement this ESMS as part of its finance decision-making process.

- **Case (2) – PFI has an existing Corporate ESMS in place.**

If a PFI already has an ESMS, BDF shall review and ensure that the ESMS meets IFI requirements for FIs.

The approach to be followed by BDF in each case is summarized in Figure 6.

In each case, ESMS will be incorporated into PFIs existing finance decision-making processes. All BDF PFIs will be required to provide sufficient capacity for the implementation of their respective ESMS.

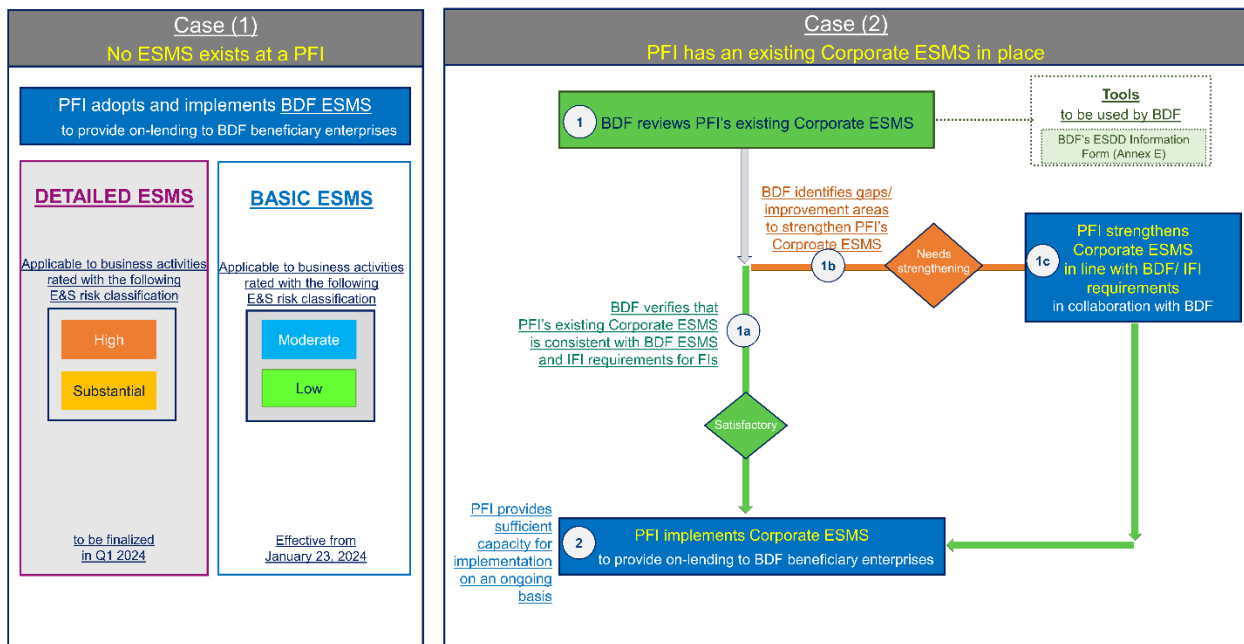


Figure 6 – Approach to be followed by BDF in their E&S Due Diligence (ESDD) of PFIs

2.2.2. PFI's E&S Appraisal of BDF Beneficiary Enterprises' Prospective Business Activities

BDF requires each PFI to undertake a systematic, E&S risk due diligence of the business activities of prospective enterprises and ensure that E&S risk considerations are integrated into PFI's finance decision-making and transaction approval processes.

The steps to be followed for business activities according to their E&S risk categories are defined below:

A) Moderate and Low Risk Business Activities:

- **Step 1** – Prospective Enterprise applies to PFI to benefit from BDF financing for business activities
- **Step 2** – PFI conducts E&S appraisal of the Enterprise and prospective business activities
 - **Step 2a** – Transaction screening against BDF Exclusion List ([Annex B](#))
 - **Step 2b** – E&S Risk Identification and Assessment
 - **Step 2c** – E&S Risk Classification
 - **Step 2d** – E&S Due Diligence Reporting (through the E&S Due Diligence Form presented in [Annex F](#))
 - **Step 2e** – Corrective Action Plan (CAP) Development
- **Step 3** – PFI undertakes Finance Decision-making integrating site-specific E&S risk considerations based on material ESDD findings (including CAP)
- **Step 4** – PFI executes Facility Agreement with Beneficiary Enterprise (incorporating E&S Covenants and CAP)
- **Step 5** – PFI undertakes E&S Supervision, Monitoring and Reporting (throughout Financing Life Cycle of the Beneficiary Business Activity)

Figure 7 provides an overview of the process for PFI's E&S Appraisal of BDF Beneficiary Enterprises' Business Activities. Further details are provided in the subsequent sections.

B) High and Substantial Risk Business Activities:

For high and substantial risk business activities of the prospective enterprises, the procedures defined in BDF's Detailed ESMS will be implemented.

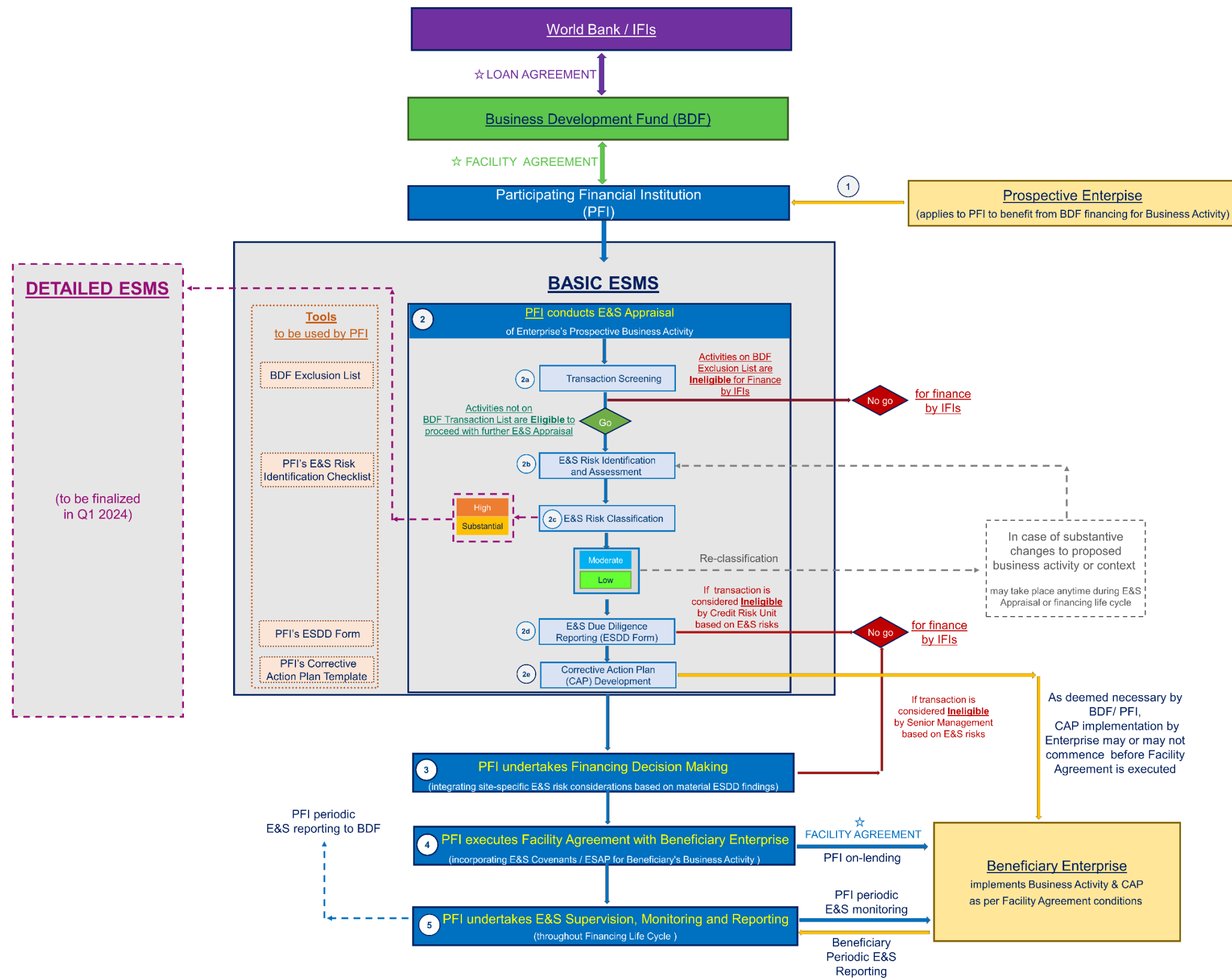


Figure 7 – PFI's E&S Appraisal of BDF Beneficiary Enterprises' Prospective Business Activities

2.3. E&S Appraisal Procedures (Step 2)

PFI will implement the following E&S appraisal procedures upon receipt of an application ([Step 1](#)) from a prospective enterprise.

PFI will use the [E&S Due Diligence Form \(Annex F\)](#) to document all steps.

[Step 2a – Transaction Screening against BDF Exclusion List](#)

1. PFI will screen the business activities of all prospective enterprises against the [BDF Exclusion List \(Annex B\)](#) and any exclusion in the legal agreement at the start of the transaction.
2. Based on transaction screening results, PFI will decide whether to proceed with further E&S appraisal of the prospective enterprise's business activities or not:
 - a. For business activities that are not on BDF Transaction List, PFI proceeds to [Step 2b](#): E&S Risk Identification and Assessment¹².
 - b. Business activities that are on BDF Transaction List are considered ineligible for finance by IFIs under BDF programs. In this case, PFI do not proceed further with the E&S appraisal.

[Step 2b – E&S Risk Identification and Assessment](#)

PFI will complete the [E&S Risk Identification and Assessment Checklist](#) for prospective enterprises' proposed business activity ([Tool 1](#) attached to the [E&S Due Diligence Form](#) given in [Annex F](#)). This Checklist is designed against the WB E&S standards (ESSs) forming part of ESF (2018).

This assessment will inform the subsequent E&S Risk Classification step ([Step 2c](#)). PFI will consult with the enterprise representatives as required.

[Step 2c – E&S Risk Classification](#)

The four-category E&S risk classification system adopted by BDF in this ESMS is summarized in Figure 8. Detailed description of each risk classification is provided in [Annex H](#).

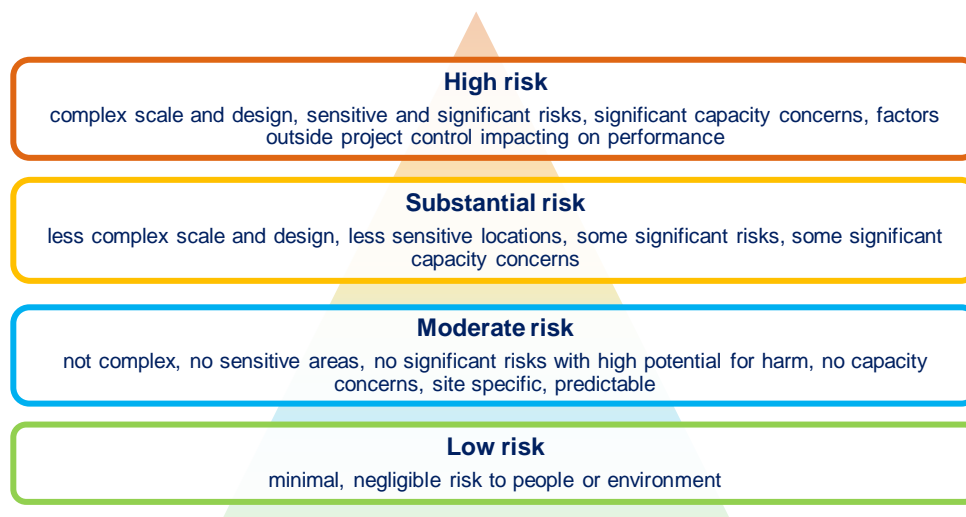


Figure 8 – E&S Risk Classification System adopted by BDF

¹² Conditions causing the exclusion might not be readily identifiable at the initial Transaction Screening phase of respective transactions. BDF's involvement will typically not proceed if conditions triggering the exclusion are identified at a later stage of the E&S appraisal process of PFI or BDF.

Based on the assessment completed in [Step 2b](#), PFI will classify the enterprise's business activity into one of the four risk categories according to WB E&S Directive for Investment Project Financing¹³ and note the E&S risk classification under [E&S Due Diligence Form – Part C.3 \(Annex F\)](#). This “**Basic ESMS**” will be applicable to BDF beneficiary enterprises' business activities whose E&S risks are classified as “**Moderate**” or “**Low**”.

Throughout the ESDD or the financing life-cycle of the beneficiary business activity, re-classification of the assigned E&S risk category may be required as an iterative process in the following circumstances: (i) where new information becomes available, (ii) where there are substantive changes to the beneficiary enterprise and/or business activity, or (iii) where changes in the context and circumstances might alter the business activity's risk profile.

[Step 2d – E&S Due Diligence Reporting](#)

PFI will list/ report any material E&S risks (if any) identified in the E&S Risk Identification and Assessment Checklist (completed in [Step 2b](#)) under [E&S Due Diligence Form – Part C.4 \(Annex F\)](#).

This will include a summary addressing the management of the main E&S issues associated with the prospective enterprises' business activities.

[Step 2e – E&S Corrective Action Plan \(CAP\) Development](#)

If PFI's ESDD identifies E&S non-compliance(s)/ gaps in the business practices of the prospective enterprises with the requirements of respective IFI standards and BDF ESMS, the PFIs will identify measures and actions to address such gaps within a time-bound **Corrective Action Plan (CAP)**. The CAPs are measures necessary to close gaps between the beneficiary firm's existing or proposed practices and the requirements of the WB Environmental and Social Standards (ESS), relevant WBG EHS guideline provisions or other internationally recognized sources, as appropriate.

The CAP will include the following:

- A **description of the non-compliance/ gap** to E&S requirements.
- **Action items** to beneficiary firms that directly correlate to a specific ESS/E&S requirement gap that exist at the time of investment commitment.
- Action items that **can be completed** within a reasonable timeframe. This means within the period of the PFI's investment.

Template for the CAP to be developed by PFIs is presented in [Annex G](#).

The CAP will be agreed between the respective PFI and beneficiary enterprise and included in the Facility Agreement to be executed between parties.

As necessary, the PFIs will provide implementation support to and/or work with the beneficiary enterprises to ensure corrective actions are completed in line with the CAP.

BDF will require PFIs to ensure that the right to apply remedies are properly reflected within the facility agreements to address potential cases where the beneficiary enterprise fails to satisfactorily implement the CAP within the agreed timeframes.

CAP implementation by beneficiary enterprises will be monitored by respective PFI. Based on monitoring, PFIs will keep a log of CAP implementation.

¹³<https://ppfdocuments.azureedge.net/52955d77-eaea-40fa-9e42-299529933719.pdf>

Retroactive Financing

In case of retroactive financing¹⁴, an audit will be undertaken before disbursement. The audit will be based on a representative sample of issued loans to confirm systems for screening and management.

Any non-compliance/ gap with IFI requirements for Fis and BDF ESMS will be included in the CAP of corrective actions.

2.4. Finance Decision-making by PFIs Integrating E&S Risk Considerations (Step 4)

PFI's senior management representative(s) will take the decision for financing enterprises' business activities based on the results of PFI's E&S Appraisal process (as outlined in Section 2.2.2).

To that end, the Credit Risk Unit at each PFI will send¹⁵ the completed [E&S Due Diligence Form \(Annex F\)](#) to the designated representative(s) of PFI's senior management.

PFI's designated representative(s) of the senior management will take the financing decision in consideration of the E&S risks and issues reported in the [E&S Due Diligence Form \(Annex F\)](#). Particularly, information on material E&S risks (if any) presented under [E&S Due Diligence Form – Part C.4](#) and the **Corrective Action Plan** as applicable to the proposed business activity will be taken into consideration.

The risk-based decision-making by Senior Management Representative(s) may take place through the following **finance decision-making events** as appropriate to PFI's internal procedures;

- During periodic board meetings (virtual or in-person)
- During ad-hoc meetings (virtual or in-person)
- Through correspondence (e-mail or letter).
- Through internal correspondence (e-mail or letter).
- Through other appropriate events

As necessary, Senior Management Representative(s) will consult with the Credit Risk Unit experts through internal meetings (in person or virtual) or correspondence (e-mail or letter).

These events will take place individually for each proposed transaction upon completion of PFI's E&S Appraisal process (transactions that progress contemporaneously may be addressed in the same event as appropriate).

The outcomes of the finance decision-making events will be documented in line with the internal procedures of each PFI (e.g. through official decision letters, minutes of meetings, e-mail correspondence, internal correspondence, etc.).

¹⁴ As a previous implementation example, in Ukraine Agricultural Recovery Inclusive Support Emergency Support (ARISE) Project funded by WB, the retroactive financing covered the period from January 1, 2023 (i.e. the start of the 2023 budget year) to November 7, 2023 (i.e. the signing date of the ARISE legal agreements). Eligible expenses included the interest rate compensation for agricultural loans under the credit program 5-7-9. The retroactive financing was underpinned by the environmental and social audit of agricultural production in Ukraine in 2023, which found the relevant risks to be generally low. The E&S audit report is published at <https://kse.ua/ua/kse-research/ekologo-sotsialniy-audit-silskogospodarskogo-virobnitstva-ukrayini-u-2023-rotsi/>. The E&S audit dashboard is published at https://public.tableau.com/app/profile/center.for.food.and.land.use.research.kse.agrocenter./viz/ESA_/Dashboard1.

¹⁵ The form can be sent via e-mail or internal correspondence in alignment with the internal procedures of respective PFI.

2.5. Finance (Facility) Agreements Incorporating E&S Requirements (Step 5)

BDF financing of beneficiary enterprises' business activities through PFIs requires incorporation of E&S requirements into finance agreements under two separate processes:

- (i) **Incorporation of E&S Covenants into Facility Agreements between BDF and PFIs** (based on BDF's E&S Due Diligence (ESDD) of PFIs prior to approval of PFIs participation into related BDF programs as discussed in Section 2.2.1)
- (ii) **Incorporation of E&S provisions/ requirements into Facility Agreements between PFIs and Beneficiary Enterprises** (based on PFI's E&S Appraisal of Beneficiary Enterprises' Prospective Business Activities as discussed in Section 2.2.2)

2.5.1. Incorporation into Facility Agreements (between BDF and PFIs)

BDF will incorporate necessary E&S covenants into facility agreements with PFI. Those E&S covenants will be determined based on the Environmental and Social Action Plans (ESAP) that will be developed as necessary based on the outcomes of the BDF's ESDD of the PFIs (as defined in Section 2.2.1).

Such E&S covenants may include, but not be limited to the provisions/ requirements listed below:

- Adopting and implementing BDF ESMS or strengthening existing ESMSs through specific actions
- E&S instruments (e.g. E&S Policy, HR Policy, E&S plans and procedures such as labor management procedure, etc.)
- E&S capacity and competency (e.g. designation of E&S staff, delivery of E&S training programs, etc.)
- Regular reporting to BDF by PFIs
- Incident and accident reporting
- Stakeholder engagement
- Grievance mechanism for public and employees

2.5.2. Incorporation into Facility Agreements (between PFIs and Beneficiary Enterprises)

Enterprises benefiting from BDF support will be required to commit to adhere to national legislation and be subject to the requirements of the PFI ESMS under which finance is provided to them. As such, BDF will require PFIs to include the respective provisions/ requirements into facility agreements to be executed with the beneficiary enterprises.

Corrective Action Plan, developed based on PFI's E&S appraisal of BDF beneficiary enterprises' prospective business activities and agreed between the respective PFI and the beneficiary enterprise, will be included in the Facility Agreement to be executed between parties.

2.6. E&S Supervision, Monitoring and Reporting Procedures

E&S supervision, monitoring and reporting procedures under BDF ESMS consist of the following components:

- Periodic E&S Monitoring and Reporting
- Incident and Accident Reporting and Investigation Requirements
- Management of E&S Non-compliances
- Periodic E&S Reporting to BDF Senior Management

2.6.1. Periodic E&S Monitoring and Reporting

The E&S monitoring and reporting components under BDF ESMS are summarized in Figure 9:

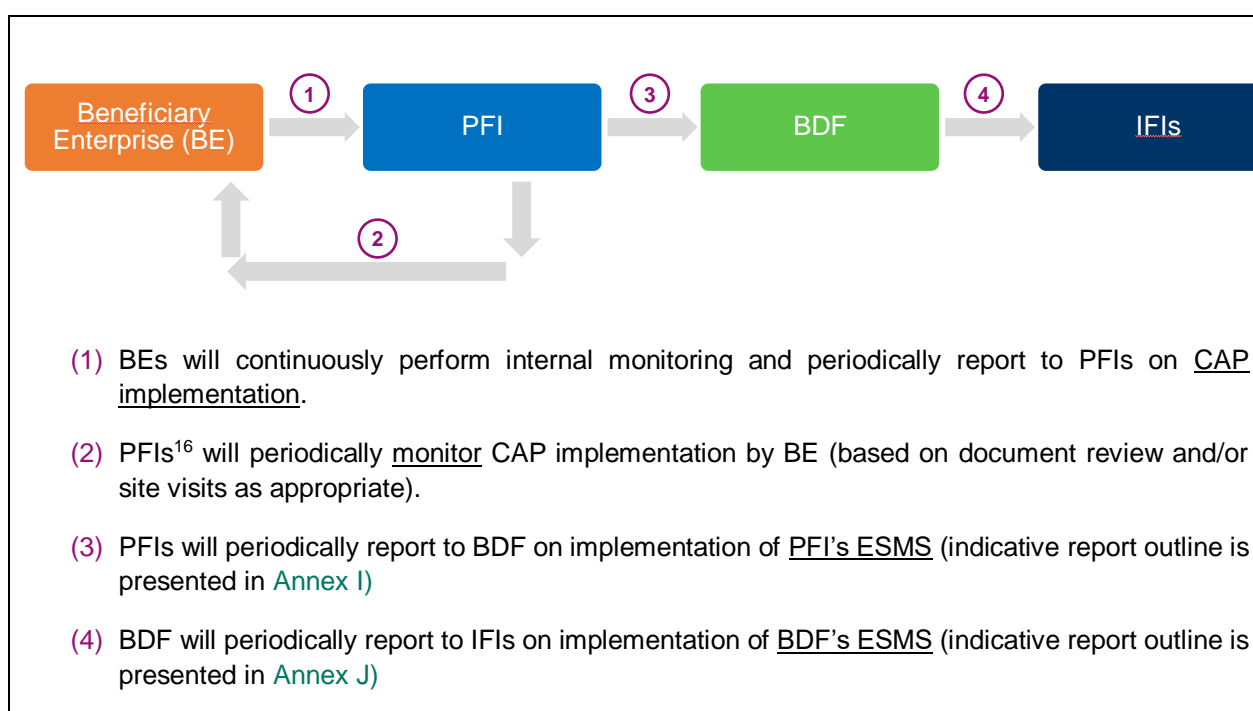


Figure 9 – E&S Monitoring and Reporting Components under BDF ESMS

¹⁶ BDF may also carry out select checks of enterprises and loans granted to them.

E&S Monitoring Methods

Methods to be used by PFI E&S teams to monitor BDF BE business activities are summarized in Table 1.

Table 1 – E&S Monitoring Methods per Risk Categories

E&S Risk Category	E&S Monitoring Method
Low	Desk-based document review by PFI E&S teams Depending on site-specific sensitivities, site visit by PFI E&S teams may be required on a case-by-case basis
Moderate	Desk-based document review Site visit by PFI E&S teams

Monitoring and Reporting Frequency

Frequency of periodic E&S monitoring and reporting by BDF, PFIs and beneficiary enterprises is summarized in Table 2. Each report will be submitted to the recipient party no later than **30 business days** after the end of each reporting period.

Table 2 – Frequency of Periodic E&S Reporting by respective parties under BDF ESMS

Component	Reporting Requirement	Periodic Reporting Frequency	
		First 2 years of BDF ESMS implementation from Effective Date	After 2 years
(1) Beneficiary Enterprise E&S Reporting to PFI ¹⁷	The BDF will cause the PFIs to require BEs to report on E&S management and <u>CAP implementation</u> performance periodically throughout the facility agreement life cycle.	Quarterly	Quarterly
(2) & (3) PFIs E&S monitoring and reporting to BDF	BDF will require PFIs to monitor the BEs and report to BDF on <u>implementation of PFIs' ESMSs</u> throughout the finance agreement life cycle. This will include reporting on the implementation of <u>ESAPs</u> forming part of facility agreements between BDF and respective PFIs.	Quarterly	Semi-annually
(4) BDF's E&S reporting to the World Bank/ IFIs	BDF will report to the World Bank and as necessary to other IFIs periodically on the <u>implementation of BDF ESMSs</u> .	Semi-annually	Annually

¹⁷ As needed, frequencies may be adjusted on a case-by-case basis depending on site-specific E&S risks as identified based on the outcomes of the ESDD or according to outcomes of the E&S monitoring in the post-finance period.

2.6.2. Significant Incident and Accident Reporting and Investigation Requirements

Timeframes required under BDF ESMS for reporting the significant incident¹⁸ and accidents are summarized below and presented in Figure 10.

- (1) **PFI will require beneficiary enterprises** to notify themselves no later than **12 hours after** the incident or accident takes place in BE's BDF beneficiary activities.
- (2) **BDF will require PFIs** to notify BDF no later than **12 hours after learning** of the incident or accident.
- (3) **BDF will notify the WB/ IFIs** no later than **48 hours** after learning of the incident or accident.

The [E&S Incident Notification Form](#) presented in [Annex K](#) will be used by parties¹⁹ to complete notification requirements.

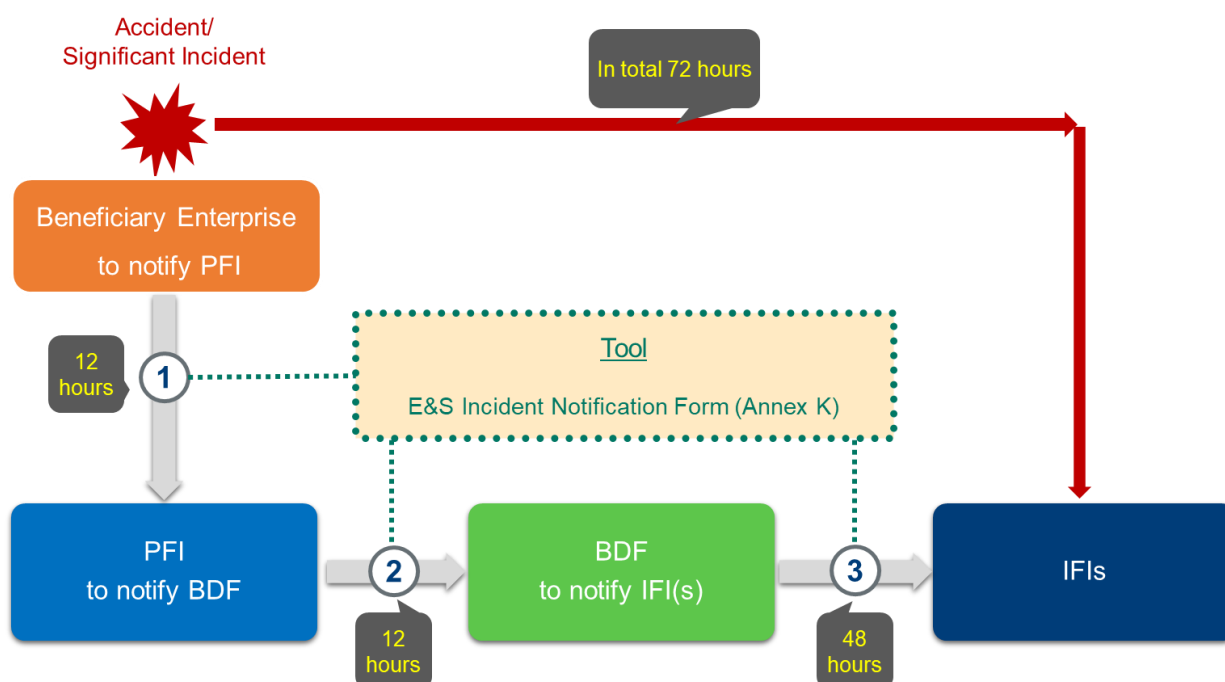


Figure 10 – Significant Incident and Accident Reporting Timeframes

¹⁸ Any incident or accident relating to the BDF BE's financed business activities which has, or is likely to have, a significant adverse impact on the environment and/or health and safety of communities or any employees (direct or contracted) involved in the business operations will be considered significant. Examples of significant incidents include chemical and/or hydrocarbon materials spills; fire, explosion or unplanned releases, including during transportation; ecological damage/destruction; traffic or other type of accidents that could result in fatalities or serious or multiple injuries affecting employees and/or public complaint or protest; failure of emissions or effluent treatment; legal/administrative notice of violation; penalties, fines, or increase in pollution charges; negative media attention; chance cultural finds; labor unrest or disputes; local community concerns.

¹⁹ The E&S Incident Notification Form is designed to enable use for notification to be done by all parties – BDF notification to IFIs; PFI notification to BDF; BE notification to respective PFI.

Incident and Accident Investigation and Root Cause Analysis

Subsequent to the incident/ accident notification, the following procedure will be implemented by parties for incident and accident investigation:

BDF will require the PFIs to ensure that a detailed [E&S Incident Investigation Form \(Annex L\)](#) is prepared by the BE subsequent to the incident/ accident notification.

- (1) BE will submit the completed form to the respective PFI for review and revise the form as per the comments/ feedback received.
- (2) Once finalized, respective PFI will submit the final version of the form to the **BDF no later than 30 calendar days of the accident/ incident date.**

The [E&S Incident Investigation Form](#) template to be used under this procedure is presented in [Annex L](#).

Subsequent to the review of detailed [E&S Incident Investigation Form](#), as necessary BDF will require PFIs to ensure that a **Root Cause Analysis (RCA)**, proposing any measures to address the accident/ incident and prevent its recurrence, is prepared on the incident or accident.

In this case, the PFIs will be required to submit the RCA to the BDF no later than **15 calendar days** of such request.

2.6.3. Management of E&S Non-compliance(s)

In case the monitoring studies identify non-compliance(s) with applicable E&S standards, as outlined in the ESAPs (agreed between BDF and PFIs) or CAPs (agreed between PFIs and beneficiary enterprises), the following procedure will be followed:

(1) Corrective Action Plan (CAP) Update by PFIs:

PFIs will require beneficiary enterprises to update the CAP (that was developed by PFIs based on the ESDD undertaken prior to finance decision-making by PFIs and included in the Facility Agreement) to address the non-compliance(s) identified as part of E&S monitoring activities.

Updated CAP will be agreed between the respective PFI and beneficiary enterprise.

(2) Implementation of Updated CAP by Beneficiary Enterprises:

Beneficiary enterprises will implement the updated CAP and address the non-compliance(s) within the timeframes defined in the CAP.

(3) Implementation Support to Beneficiary Enterprises

As necessary, PFIs will provide implementation support to beneficiary enterprises to ensure completion of corrective actions are implemented in line with the updated CAP and Facility Agreement conditions.

(4) Implementation Monitoring by PFIs:

PFIs will continue monitoring CAP implementation by beneficiary enterprises until successful completion of respective corrective actions.

This will include document review and/or site visits by PFI E&S teams as necessary.

BDF will also review the progress with implementation of corrective actions through PFI's periodical monitoring reports on ESMS performance.



2.6.4. Periodic Progress Reporting to BDF Senior Management

BDF – E&S Risk Management Unit will submit **Annual ESMS Implementation Progress Reports** to BDF Board.

Progress reports will provide information on the following:

- Periodic review of the effectiveness of BDF's ESMS
- Overall portfolio exposure as a function of E&S risk category or by exposure to industry sector or transaction type as a function of E&S risk category.
- Material E&S aspects and risk in beneficiary enterprises business activities supported by BDF

2.6.5. Management of Change

Changes that may be triggered at various stages of the facility agreement life cycle of the beneficiary business activities will be managed by BDF and PFIs in a systematic process. This is to ensure that potential E&S risks and impacts that could stem from such changes are managed in line with the applicable E&S requirements.

Potential changes in BDF beneficiary business activities may include but not limited to the following:

- Legislative changes impacting business activities of beneficiary enterprises (e.g. new permitting processes).
- Administrative/ organizational changes at the decision-making levels at BDF or PFIs (resulting in potential delays in processing of agreements, approvals, delays in recruitment of staff, etc.).
- Staffing changes (rotation of trained staff, resigning staff, etc.) Changes in the site processes, facilities, materials or equipment used by beneficiary enterprises, etc.
- Significant incidents or accidents resulting in increased risk profile in beneficiary enterprises' financed business activities
- Changes that may be caused by conflict conditions (e.g. E&S and governance risks that emerge due to war-related conditions such as changes in the E&S capacity of the institutions, land contamination, community health and safety related issues, emergencies, risks on workforce, impact on supply chain processes, impact on livelihoods/ income of the beneficiary enterprises, limitations in availability of E&S staff, etc.)

BDF will require PFIs to identify, document and review the changes in financed business activities of the beneficiary enterprises through the Change Notification and Review Form given in [Annex M](#).



This will consist of two main steps:

- (1) **Notification and documentation of the change** using the Change Notification and Review Form given in [Annex M – Part A](#). This may be done by the beneficiary enterprise or respective PFI.
- (2) **Review of the Change** by using the Change Notification and Review Form given in [Annex M – Part B](#). This will include:
 - Assessment of the information provided on the change (e.g. data gaps)
 - Assessment of the change (e.g. E&S risk implications)
 - Definition of the actions required for the management of change.

(3) **Integration of the required management of change measures/ actions into CAP for implementation:**

Actions to be defined for the management of change will be integrated into CAP for implementation by responsible parties.

Implementation of actions will be monitored by PFI as part of periodic E&S monitoring.

(4) **Communication**

Respective PFI will inform the parties responsible for implementation of measures/ actions (e.g. beneficiary enterprise).

Respective PFI will also inform BDF – E&S team of the management of change procedure implemented. This may be as part of PFI's periodic reporting to BDF or outside the periodic reporting in case of material changes.

Any additional measure/ action that may be required by BDF for the management of change will be incorporated into CAP.

2.7. E&S Capacity and Competency

The subgroup (team) of the Environmental and Social Risk Management Department will function as part of the BDF Risk Analysis and Control Sub-Division.

Planned governance structure at BDF is presented Figure 11. There will be an **E&S Risk Management Unit** functioning under the Risk Management Unit²⁰ of BDF.

The **Chief Risk Manager** at BDF have been designated as Senior Management Representative(s) of BDF with overall responsibility for environmental, health and safety, and social risk management, including the implementation of this ESMS.

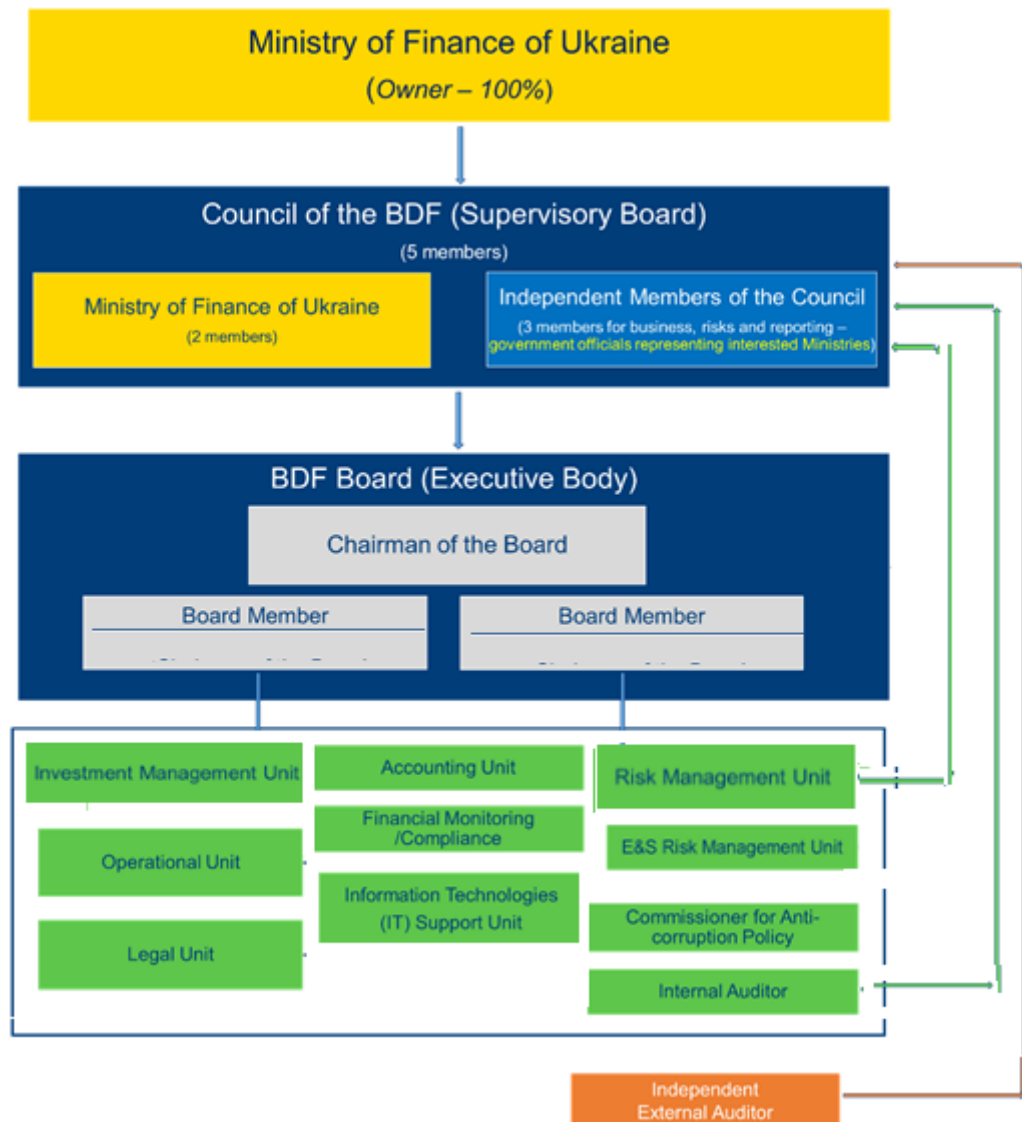


Figure 11 – Planned Governance Structure at BDF

²⁰ The Risk Management Unit of BDF will be responsible for all IFI and state programs and projects.

2.7.1. E&S Roles and Responsibilities

Key roles at BDF with responsibilities for E&S management, including the implementation of this ESMS are summarized in Table 3.

Table 3 – Key ESMS related Roles and Responsibilities under BDF ESMS

Party	Role	Key Responsibilities
BDF Supervisory Board	Chairman of the Supervisory Board	<ul style="list-style-type: none"> Approve and sign the E&S policy and other E&S policy
BDF Board	Chairman of the Board	<ul style="list-style-type: none"> Execute decision to include PFIs in BDF's IFI financed projects and programs based on E&S risks identified as part of BDF's ESDDs Review, approve and sign finance agreements with PFIs Approve and sign the E&S policy and other E&S documentation to be disclosed to public by BDF
Risk Management Department	Department Head- member of the Board	<ul style="list-style-type: none"> Ensure allocation of adequate financial and human resources are in place for maintaining sufficient E&S capacity for effective implementation of BDF ESMS Review and prioritize the capacity building and resource requirements identified by the ESMS Coordinator and plan resource allocation for next periods Designate the staff members who will act as ESMS Coordinator and ESMS Officer Review the key findings of BDF's ESDD of PFIs Participate in the BDF Board Meetings to present the key findings of BDF's ESDDs and advise BDF Board Members on the PFIs to be included in BDF's IFI financed projects and programs based on their E&S risk management capabilities Pre-approve the E&S policies, plans, procedures and documents to be disclosed by BDF Sign-off the Periodic Monitoring Reports on BDF ESMS Performance prior to issuing to WB/ IFIs Approve updated ESMS elements including plans and procedures Ensure that the E&S related roles and responsibilities are clearly communicated to all staff under the E&S Risk Management Unit and other related departments under BDF
	E&S Risk Management Unit – Manager (“ESMS Coordinator” ²¹)	<ul style="list-style-type: none"> Collaborate with the Senior Management Representative(s) to ensure integration of BDF ESMS into the risk-based Finance Decision-making process of BDF Coordinate and oversee day-to-day ESMS implementation Carry out BDF's ESDD of PFIs for submission to Senior Management Representative(s) Ensure that ESAPs are incorporated into finance agreements executed with the PFIs

²¹ Required qualifications for the **ESMS Coordinator** role include the following.

- University degree from the engineering departments (environmental engineering, chemical engineering, civil engineering, etc.).
- Minimum 7 years of professional experience with minimum 5 years of working experience in assessing, managing and monitoring the E&S risks of the projects financed by IFIs
- Excellent English proficiency is required
- Knowledge and understanding of E&S issues and risks in projects financed by IFIs
- Sound knowledge and ability to work with software systems



Party	Role	Key Responsibilities
		<ul style="list-style-type: none"> • Monitor the implementation of the BDF ESMS in all related activities and identify improvement opportunities • Evaluate the capacity building and resource requirements for effective ESMS implementation periodically and report the estimated budget requirements to the Senior Management Representative(s) • Report the critical E&S issues related to ESMS implementation to Senior Management Representative(s) • If delegated by the Senior Management Representative(s), upon receipt of incident/ accident notification from PFIs, notify WB/ IFI(s) in line with this ESMS • Notify the Senior Management Representative(s) of material changes related to PFI operations and BDF beneficiary business activities • Submit periodic E&S progress reports to Senior Management Representative(s) (i.e. Annual ESMS Implementation Progress Reports) • Whenever needed, support loan officers
	ESMS Officer ²²	<ul style="list-style-type: none"> • Carry out day-to-day ESMS implementation and support the ESMS Coordinator for integration of ESMS into the risk-based Finance Decision-making process of BDF • Prepare periodic E&S progress reports for submission to Senior Management Representative(s) by ESMS Coordinator (i.e. Annual ESMS Implementation Progress Reports) • Undertake all other responsibilities as a staff member of the BDF E&S Risk Management Unit • Coordinate the E&S focal points to ensure effective implementation of BDF ESMS
PIKUA unit	Project and program managers	<ul style="list-style-type: none"> • Act as the main counterparty for PFIs • Form a base list of potential partner financial institutions • Participate in checking the eligibility of potential PFIs in cooperation with the BDF Risk Management Department • Undertake negotiations with institutions regarding partnership conditions and preparation of projects and final investment proposals • Prepare and conduct, in cooperation with the BDF risk management department, remote and on-site analysis of the activities of partner institutions and potential partner institutions • Prepare in cooperation with the BDF Risk Management Department of official memos based on the results of the analysis of PFIs • Preparation of projects and final investment proposals in cooperation with the BDF Risk Management Department, including documents for submission to the BDF Supervisory Board for approval • Analyze and approve in cooperation with the BDF Legal Sector draft partnership agreements, cooperation agreements, guarantee agreements, credit agreements and security agreements concluded with PFIs for their compliance with the terms of the program and the decision of the BDF Supervisory Board • In cooperation with the Risk Management Department, assess the sufficiency and adequacy of the necessary security for loans provided to PFIs

²² Required qualifications for the **ESMS Officer** role(s) include the following:

- University degree from related department
- Minimum 3 years of professional experience with minimum 2 years of working experience in assessing, managing and monitoring the E&S risks of the projects financed by IFIs
- Excellent English proficiency
- Sound knowledge and ability to work with software systems



Party	Role	Key Responsibilities
		<ul style="list-style-type: none"> • Coordinate the process of issuing credit funds in cooperation with the BDF Operational Sector • Conduct research on the possible impact of existing projects/ programs and new projects implemented with the funds of IFIs and foreign institutions on the development of MSMEs in Ukraine and the impact on economic sectors • Study basic documents regarding the implementation of new projects, which are implemented with the funds of IFIs and foreign institutions, with the aim of adapting the existing procedures of the BDF • Develop new programs and projects within the framework of implementation of programs and projects financed with the funds of MFIs and foreign institutions
Other Departments	Legal Sector	<ul style="list-style-type: none"> • Provide input to the BDF's due diligence process regarding the legal and compliance related aspects in cooperation with the BDF Risk Management Department as required • Review and provide input to partnership agreements, cooperation agreements, guarantee agreements, facility agreements, credit agreements and security agreements
	Operational Sector	<ul style="list-style-type: none"> • Provide input to the BDF's due diligence process regarding the operational aspects in cooperation with the BDF Risk Management Department as required • Review and provide input to the draft facility agreements for operational aspects
PFI		
PFI	Senior Management Representative(s)	<ul style="list-style-type: none"> • Hold ultimate responsibility for implementation of PFI ESMS and liaison with BDF • Ensure allocation of adequate financial and human resources are in place for maintaining sufficient E&S capacity for effective implementation of PFI ESMS • Review and prioritize the capacity building and resource requirements identified by the PFI's E&S teams and plan resource allocation for next periods • Review the key findings of PFI's E&S Appraisal of BDF Beneficiary Enterprises' Prospective Business Activities • Ensure that corrective action plans are incorporated into facility agreements executed with the beneficiary enterprises • Ensure that BDF is notified of any significant E&S incident or accident within the timeframes defined in this ESMS • Prepare and submit a detailed E&S Incident Investigation Form, supplemented with an RCA, to BDF 30 days of the accident/ incident.
	PFI – Credit Risk Unit, E&S Risk Management Unit	<ul style="list-style-type: none"> • Ensure day-to-day implementation of PFI's ESMS²³

²³ Where no ESMS exists at a PFI, the PFI can adopt and implement this ESMS as part of its finance decision-making process. If a PFI already has an ESMS, BDF shall review and ensure that the ESMS meets IFI requirements for FIs.

2.7.2. ESMS Training

BDF will ensure building and maintaining sufficient capacity and competency at BDF and PFIs for effective implementation of ESMS through the implementation of ESMS Training Plan presented in Table 4.

BDF will require PFIs to ensure adequate financial and human resources are available for ESMS training of PFI E&S staff as envisaged in the ESMS Training Plan.

Table 4 – ESMS Training Plan

Training Component	Training Content	Timeframe	Trainer
Component 1	Briefing of the BDF Senior Management Representative(s) on BDF Basic ESMS and Implementation Requirements	Before Basic ESMS Roll-out	ESMS Consultant in partnership with WB
Component 2	Training of in-house BDF Staff on Basic ESMS Fundamentals and Implementation	Before Basic ESMS Roll-out Before ESMS Effective Date	ESMS Consultant in partnership with WB
Component 3	Training of PFIs' in-house staff on BDF ESMS Fundamental and Implementation	Following completion of Component 1 & 2 (to be planned by BDF in consultation with WB)	BDF or Third-party Consultants
Component 4	Training of Beneficiary Enterprises on PFI's E&S requirements	Following execution of facility agreement	PFIs or Third-party Consultants
Component 5	Induction and Refresher Training Sessions WB ESF Fundamentals eLearning ²⁴ (as a part of the ESF Borrower Training roll out program).	<u>Induction:</u> <ul style="list-style-type: none"> Following recruitment of new E&S personnel (individually or in groups as appropriate) <u>Refreshers:</u> <ul style="list-style-type: none"> Annually 	For BDF staff, BDF ESMS Coordinator, ESMS Officer or E&S Focal Points For PFI staff, PFI's trained Credit Risk Unit staff

²⁴ <https://www.worldbank.org/en/projects-operations/environmental-and-social-framework/brief/esf-training>

2.8. External Communication Mechanism

BDF will implement an External Communications Mechanism for BDF beneficiary business activities to ensure effective consultation on financing activities.

This mechanism will consist of the following key components:

- Stakeholder Engagement
- Information Disclosure
- Grievance Mechanism for Public

2.8.1. Stakeholder Engagement

This section identifies the key stakeholder groups and sets the framework for BDF's proposed strategies and requirements for stakeholder engagement in BDF projects and programs financed by International Financial Institutions (IFIs) through PFIs.

BDF will ensure that the strategies and requirements set out in the ESMS in relation to stakeholder engagement are implemented by the PFIs and as appropriate beneficiary enterprises in the financing life cycle of all BDF prospective and beneficiary business activities from the ESMS effectiveness date.

To this end, BDF will require stakeholder engagement activities to be based on the following principles in a manner proportionate to the risk and impacts of the BDF beneficiary business activities.:

- **Openness and life-cycle approach:** Consultations will be arranged during the whole life cycle, carried out in an open manner, free of external manipulation, interference, coercion, or intimidation.
- **Informed participation and feedback:** Information will be provided to and widely distributed among all stakeholders in an appropriate format; opportunities are provided for communicating stakeholder feedback, and for analyzing and addressing comments and concerns.
- **Inclusiveness and sensitivity:** Stakeholder identification is undertaken to support better communications and build effective relationships. The participation process for the support projects and programs is inclusive. All stakeholders at all times are encouraged to be involved in the consultation process. Equal access to information is provided to all stakeholders. Sensitivity to stakeholders' needs is the key principle underlying the selection of engagement methods. Special attention is given to vulnerable groups that may be at risk of being left out of project benefits, particularly women, the elderly, persons with disabilities, displaced persons, and migrant workers and communities, and the cultural sensitivities of diverse ethnic groups.
- **Flexibility:** In consideration of the current war-related risks and dynamics in the region, face-to-face engagement will be replaced with other forms of engagement, including internet- or phone-based communication, virtual meetings, etc. whenever deemed necessary.

Table 5 provides an indicative list of stakeholders for BDF beneficiary business activities. The indicative list of stakeholders may be updated by BDF as required during ESMS implementation. For the purposes of this ESMS, **stakeholder** refers to individuals or groups who:

- (a) Individuals or groups who are affected or likely to be affected by a beneficiary enterprise's business activities supported by BDF through PFIs under projects or programs financed by World Bank or other IFIs ("**affected parties**"); and
- (b) Individuals or groups who may have an interest in such BDF beneficiary business activities ("**other interested parties**").

Table 5 – Indicative List of Stakeholders

Stakeholder group	Examples of Specific Stakeholders (as applicable)	Interests/ Requirements	Influence (*)	
			Interest	Impact
A. Affected parties				
Business Development Fund (BDF) under the Ministry of Finance (MoF)		Utilize project financing to enhance access to short-term finance for farmers to reduce the cost of borrowing against the headwinds of the conflict, so they continue agricultural production in 2023 and 2024	H	H
Commercial banks in Ukraine	Commercial banks provide loans for beneficiary enterprises in agribusiness and other BDF beneficiary business sectors	Participate in partial credit guarantees and act as intermediaries for such financing	H	H
Beneficiary enterprises	Enterprises operating in BDF beneficiary business sectors (e.g. agribusiness, processing industry, trade, services, construction, health care, education, transport etc.): <ul style="list-style-type: none"> • Micro, small and medium-sized enterprises (MSMEs) • Large enterprises until 27 December 2023 	Benefit from participation in the BDF support through access to credit under BDF projects and programs financed by IFIs.	H	M
Beneficiary enterprises led by disadvantaged ²⁵ and vulnerable individuals	<ul style="list-style-type: none"> • Female-led businesses • Businesses led by entrepreneurs from vulnerable or disadvantaged groups 	Less likely to apply for loans or get grants. Require information, technical and process support	H	L
Those who might be at risk of bombardment if they participate in loan activities	May include any of the above	Information about where to shelter and other security related information	H	L
B. Other interested parties				
National governmental institutions	Cabinet of Ministers of Ukraine www.kmu.gov.ua	Owner of BDF represented by the Ministry of Finance. BDF is the agent of the Ukrainian Government in implementing MSMEs Support Program	H	H
	Ministry of Finance	Owner of BDF	H	H
	Ministry of Economy	Improvement of the credit program 5-7-9 implemented by BDF	M	M
	Ministry of Agrarian Policy and Food (MAPF) www.minagro.gov.ua	Implementation agency in some of the entity. Overseas agrarian development and grain harvest and storage activities	M	M

²⁵ Disadvantaged or vulnerable refers to those who may be more likely to be adversely affected by the subproject impacts and/or more limited than others in their ability to take advantage of as subproject's benefits. Such an individual/group is also more likely to be excluded from/unable to participate fully in the mainstream consultation process and as such may require specific measures and/or assistance to do so. This will take into account considerations relating to age, including the elderly and minors, and including circumstances where they may be separated from their family, the community or other individuals upon whom they depend.

Stakeholder group	Examples of Specific Stakeholders (as applicable)	Interests/ Requirements	Influence (*)	
			Interest	Impact
	National Bank of Ukraine	BDF affects the volume of lending to the economy of Ukraine	M	M
	State Service of Ukraine for Geodesy, Cartography and Cadaster	Providing information about farmers and cooperation in checking if farmer has a right for grant or credit.	L	L
Enterprises/ farmers that are ineligible as beneficiary under BDF projects and programs	Small farmers (e.g. with land holding up to 120 ha)	Looking for benefiting from grants provided under non-BDF components of World Bank or IFI financed projects and programs	H	L
Supplier	<ul style="list-style-type: none"> Agricultural input suppliers Suppliers of equipment, materials etc. 	Looking for benefiting from BDF projects and programs through supply of required materials and equipment	M	L
Adjacent local administrations and land users	To be determined on a case-by-case basis for each BDF beneficiary business activity	Cooperation on identification of vulnerable and disadvantaged groups	M	M
Non-governmental and community-based organizations	To be determined on a case-by-case basis for each BDF beneficiary business activity	Concerned that financing is utilized for correct purposes in transparent manner under emergency circumstances	M	L
International, national and local media		Disseminating information about international support received during emergency circumstances. May report on misuse of finances.	L	M
IFIs financing BDF projects and programs	<ul style="list-style-type: none"> The World Bank (WB) European Bank for Reconstruction and Development (EBRD) KfW Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH German Sparkassenstiftung Luxembourg Agency for development Cooperation USAID WNISEF 	Interest in and influence on financing processes, management and monitoring of E&S risks and other technical, financial, legal, reputational aspects of BDF beneficiary business activities	H	H

(*) H: High; M: Medium; L: Low

Table 6 presents the proposed strategy of BDF for consultation and stakeholder engagement in BDF beneficiary business activities. BDF will require BDF and PFI staff to ensure that engagement and consultation activities (including information disclosure details) to be regularly registered in stakeholder engagement logs.



Table 6 – Proposed Strategy for Stakeholder Engagement

Target Stakeholder Group	Stage	Topic of Consultation	Consultation/ Engagement Methods ²⁶	Frequency	Party Responsible for Engagement with Target Stakeholder
A. Affected parties					
Commercial Banks in Ukraine	• Prior to approving participation of PFI to BDF programs	<ul style="list-style-type: none"> • BDF projects and programs financed by WB and other IFIs • BDF's E&S Policy • BDF's ESMS and E&S requirements applicable to PFIs • PFI's existing ESMS 	<ul style="list-style-type: none"> • Publications on BDF's official web site and other official channels in social media • Publications in mass media • Individual consultations in a hybrid format as required (virtual, face-to-face or via phone calls) • Correspondence (letters, emails) • ESMS training sessions (in a hybrid format as required) 	• One-off at minimum	<ul style="list-style-type: none"> • BDF's Senior Management Representative(s) • BDF's E&S Risk Management Unit Manager • BDF's ESMS Officer
	• Throughout the financing lifecycle (after Facility Agreement)	• PFI's ESMS implementation performance	<ul style="list-style-type: none"> • Individual consultations in a hybrid format as required (virtual, face-to-face or via phone calls) • Correspondence (letters, emails) • Periodic ESMS Performance Monitoring Reports (from PFIs to BDF) 	• Periodically (see Table 2)	<ul style="list-style-type: none"> • BDF's Senior Management Representative(s) • BDF's E&S Risk Management Unit Manager • BDF's ESMS Officer
Beneficiary Enterprises (BE)	• Prior to Facility Agreement (between PFI and BE)	<ul style="list-style-type: none"> • Support available to BE's under BDF projects and programs financed by WB and other IFIs and information on eligibilities, how to access finance, etc. • PFI's E&S Policy • PFI's ESMS and E&S requirements applicable to BE's • Potential E&S risks and impacts of beneficiary business activities • Facility Agreement conditions including E&S requirements 	<ul style="list-style-type: none"> • Publications on PFI's official web site and other official channels in social media • Publications in mass media • Individual consultations in a hybrid format as required (virtual, face-to-face or via phone calls) • Correspondence (letters, emails) • Messaging services • Targeted outreach through the Independent Association of the 	• One-off at minimum	<ul style="list-style-type: none"> • PFI's Senior Management Representative(s) • PFI's Credit Risk Unit – E&S Risk Management Unit Manager • PFI's Social Focal Point

²⁶ In the current situation, disclosure activities related to certain critical information of the beneficiary enterprises are limited until the end of the martial law in accordance with the requirements of Resolution No. 349 of March 26, 2022 "On the protection of information that in martial law can be classified as information with limited access, including critical infrastructure". The information can be disclosed only after the end of the martial law. Thus, information disclosure in accordance with this ESMS will take place at later stages to avoid targeted bombardment of the supported investments.



Target Stakeholder Group	Stage	Topic of Consultation	Consultation/ Engagement Methods ²⁶	Frequency	Party Responsible for Engagement with Target Stakeholder
		specific to BE business activities (including Corrective Action Plan – CAP)	Banks of Ukraine (IABU) and professional networks		
	• Throughout the financing lifecycle (after Facility Agreement)	• BE's CAP implementation performance	<ul style="list-style-type: none"> • Publications on PFI's official web site and other official channels in social media • Publications in mass media • Individual consultations in a hybrid format as required (virtual, face-to-face or via phone calls) • Correspondence (letters, emails) • Messaging services 	• Periodically (see Table 2)	<ul style="list-style-type: none"> • PFI's Senior Management Representative(s) • PFI's Credit Risk Unit – E&S Risk Management Unit Manager • PFI's Social Focal Point
Beneficiary Enterprises led by Disadvantaged ²⁷ and Vulnerable Individuals	<ul style="list-style-type: none"> • Prior to Facility Agreement (between PFI and BE) • Throughout the financing lifecycle (after Facility Agreement) 	<ul style="list-style-type: none"> • Same as above • Special engagement and information disclosure needs • Tailored grievance management methods • Contact information 	<ul style="list-style-type: none"> • Publications on PFI's official web site and other official channels in social media • Publications in mass media • Individual consultations in a hybrid format as required (virtual, face-to-face or via phone calls) • Engagement methods tailored to the particular needs of the disadvantage and vulnerable individual leading the BEs • Correspondence (letters, emails) • Messaging services 	• Ad-hoc	<ul style="list-style-type: none"> • PFI's Credit Risk Unit – E&S Risk Management Unit Manager • PFI's Social Focal Point
Those who might be at risk of aerial bombardment and other	• Prior to Facility Agreement (between PFI and BE)	• Potential health and safety risks BE's may encounter during implementation of supported	• Publications on PFI's official web site and other official channels in social media	• Ad-hoc	• PFI's Credit Risk Unit – E&S Risk Management Unit Manager

²⁷ Disadvantaged or vulnerable refers to those who may be more likely to be adversely affected by the subproject impacts and/or more limited than others in their ability to take advantage of as subproject's benefits. Such an individual/group is also more likely to be excluded from/unable to participate fully in the mainstream consultation process and as such may require specific measures and/or assistance to do so. This will take into account considerations relating to age, including the elderly and minors, and including circumstances where they may be separated from their family, the community or other individuals upon whom they depend.



Target Stakeholder Group	Stage	Topic of Consultation	Consultation/ Engagement Methods ²⁶	Frequency	Party Responsible for Engagement with Target Stakeholder
war hazards if they participate in financing activities	<ul style="list-style-type: none"> Throughout the financing lifecycle (after Facility Agreement) 	business activities and required measures for risk avoidance and management <ul style="list-style-type: none"> Emergency preparedness and response procedures for avoiding war hazards including first aid Contact information for emergency services, location of shelters 	<ul style="list-style-type: none"> Publications in mass media Individual (in-person) consultation meetings at discreet venues selected 		<ul style="list-style-type: none"> PFI's Social Focal Point
B. Other interested parties					
National governmental institutions	<ul style="list-style-type: none"> Prior to Finance/ Facility Agreement Throughout the financing lifecycle (after Finance/ Facility Agreement) 	<ul style="list-style-type: none"> Information on BDF projects and programs Cooperation and coordination needs and mechanisms Permitting requirements and processes Inclusivity needs and strategies 	<ul style="list-style-type: none"> Meetings (virtual, face-to-face or via phone calls) Correspondence (letters, emails) 	Ad-hoc	<ul style="list-style-type: none"> BDF and/or PFI functions as relevant
Others (Enterprises/ farmers that are ineligible as beneficiary under BDF projects and programs, suppliers, etc.)	<ul style="list-style-type: none"> Prior to Finance/ Facility Agreement Throughout the financing lifecycle (after Finance/ Facility Agreement) 	<ul style="list-style-type: none"> Topics of interest specific to each stakeholder group 	<ul style="list-style-type: none"> Publications on BDF's and PFI's official web sites and other official channels in social media Publications in mass media Meetings (virtual, face-to-face or via phone calls) Correspondence (letters, emails) 	Ad-hoc	<ul style="list-style-type: none"> BDF and/or PFI functions as relevant
IFIs financing BDF projects and programs	<ul style="list-style-type: none"> Prior to Finance Agreement 	<ul style="list-style-type: none"> BDF's ESMS IFIs' applicable E&S requirements 	<ul style="list-style-type: none"> Meetings (virtual, face-to-face or via phone calls) Correspondence (letters, emails) 	<ul style="list-style-type: none"> Ad-hoc 	<ul style="list-style-type: none"> BDF's Senior Management Representative(s) BDF's Senior Management Representative(s) BDF's Other Relevant Unit Managers
	<ul style="list-style-type: none"> Throughout the financing lifecycle (after Finance Agreement) 	<ul style="list-style-type: none"> BDF's ESMS implementation performance 	<ul style="list-style-type: none"> Periodic ESMS Performance Monitoring Reports (from BDF to WB and other IFIs) 	<ul style="list-style-type: none"> Periodically (see Table 2) 	<ul style="list-style-type: none"> BDF's Senior Management Representative(s) BDF's E&S Risk Management Unit Manager

2.8.2. Information Disclosure

BDF discloses the following information through its website:

- BDF disclosed its E&S Policy endorsed by BDF Senior Management, MSMEs support programs and projects, eligibility criteria for MSMEs on its website. This includes the outline of BDF's ESMS as a summary of the ESMS elements.
- BDF has made the following contact information for stakeholders publicly available through its website:
 - Website: <https://bdf.gov.ua/>
 - Address: Institutskaya street, 9, 01601, Kyiv, Ukraine
 - E-mail address: mail@bdf.gov.ua
 - Phone number: +380 44 333 43 54
- BDF will report on ESMS implementation performance (including E&S performance, implementation of SEP and grievance mechanism in BDF beneficiary business activities) to stakeholders at least annually.
- BDF will disclose information on projects and programs supported by WB and other IFIs in line with the information disclosure requirements set out in respective finance agreements (e.g. requirements based on WB ESF in loan agreements executed between BDF and WB).

BDF will require²⁸ each PFI ESMS to:

- Publish summary information on PFI's ESMS, including a management endorsed E&S policy;
- Disclose information of MSMEs support programs and projects;
- Publish information on eligibility criteria for enterprises;
- Disclose PFI's contact information for stakeholders on its website (including address, e-mail address and phone number accessible to stakeholders);
- Process and means by which grievances can be raised and will be addressed;
- Report on ESMS implementation performance (including E&S performance, implementation of SEP and grievance mechanism in BDF beneficiary business activities) to stakeholders at least annually;

Information to be disclosed by BDF and PFIs (on their respective websites) will be in Ukrainian and in English.

²⁸ In the current situation, disclosure activities related to certain critical information of the beneficiary enterprises are limited until the end of the martial law in accordance with the requirements of Resolution No. 349 of March 26, 2022 "On the protection of information that in martial law can be classified as information with limited access, including critical infrastructure". The information can be disclosed only after the end of the martial law. Thus, information disclosure in accordance with this ESMS will take place at later stages to avoid targeted bombardment of the supported investments.

2.8.3. Grievance Mechanism for Public

The objective of BDF's Grievance Mechanism (GM) for public will be to strengthen transparency and accountability to beneficiaries and public, provide channels for stakeholders to provide feedback²⁹ to BDF and PFIs and/or express grievances related to beneficiary business activities. The GM will be applicable only to stakeholder grievances or feedback relating to BDF's IFI financed projects and programs.

To this end, BDF GM sets the framework for the procedures to be followed by BDF and PFIs to receive, record, evaluate and address complaints and concerns from stakeholders and escalate for further response as needed.

The components of the BDF GM for public include the following:

- Grievance Redress Procedure for Public Complaints (including beneficiary enterprises)
- Procedure for the Management of Sensitive Complaints
- Appeals Mechanism
- Referral to World Bank/ IFIs' Grievance Redress System

Each component of BDF GM provides for **Appeals Mechanisms** for the aggrieved stakeholders in an attempt to resolve the disputed issue through non-judicial processes before judicial processes are initiated as a last resort.

BDF will require BDF and PFI staff to duly ensure **confidentiality** of the grievances and feedback received from stakeholders at all times (including cases when the complainant is known). BDF will require that all processes defined under following steps regarding the registration and management of grievances and feedback will be undertaken by observing the requirements stipulated by the Law of Ukraine on Protection of Personal Data as well as Law of Ukraine on Citizen's Appeals and Law of Ukraine on Access to Public Information as appropriate.

There will be separate Grievance Redress Procedures for employees (direct and contracted) of BDF, PFIs and beneficiary enterprises (as applicable). Grievance Redress Procedures that will be accessible to employees (direct and contracted) of PFIs and beneficiary enterprises will be described within the PFI's ESMSs.

2.8.3.1. Grievance Redress Procedure for Public

Steps of the Grievance Redress Procedure to be followed for the management of public complaints (including complaints received from beneficiary enterprises) are described in Table 7.

²⁹ Such as stakeholder concerns, queries, suggestions, requests, etc.

Table 7 – Grievance Redress Procedure for Public Complaints (incl. Beneficiary Complaints)

GM Step	Grievance Redress Procedure
<p>0 Complaint submission to BDF/ PFI</p>	<p>Complaint or feedback can be submitted by the aggrieved party (complainant) to BDF or respective PFI:</p> <p>(a) Submission to BDF: Complaints and feedback can be submitted to BDF through the following channels:</p> <ul style="list-style-type: none"> ○ Email: mail@bdf.gov.ua ○ Web page: https://bdf.gov.ua/. ○ In writing: Institutska street, 9, 01601, Kyiv, Ukraine. ○ In person: at the above addresses <p>(b) Submission to PFIs: Complaints and feedback can be submitted to PFIs through the channels to be disclosed by each PFI in line with their ESMSs.</p> <p>(*) Anonymous complaints may be submitted without personal details. Anonymous complaints will be investigated but the complaining party must initiate contact with the MAPF to obtain a response to the complaint investigation.</p>
<p>1 Receive and register</p>	<ul style="list-style-type: none"> • Complaint received by BDF or PFI will be submitted to dedicated GM focal point at the PFI within 3 days from the date of receipt. • PFI's GM focal point will enter immediately into BDF's complaints tracking system (GM log) for sorting and redirecting to appropriate department/ staff responsible for investigating and addressing the complaint. • PFI's GM focal point will formally acknowledge receipt of complaint through an appropriate method (i.e. e-mail or short message to or phone call with the complainant, etc.) within 5 days from the date of receipt and inform about the timeframe envisaged for resolution.
<p>2 Evaluation and Delegate</p>	<ul style="list-style-type: none"> • PFI's GM focal point will determine who³⁰ to direct the complaint to, whether a complaint requires an investigation or not, and the timeframe to respond to it. • PFI's GM focal point will record and enter relevant data (such as action to be taken, target completion dates, responsibilities, etc.) into the GM log.
<p>3 Respond</p>	<p>(a) Complaints not requiring additional investigation and evaluation: PFI's GM focal point will respond and complete the action no later than 15 days from the date of receipt</p> <p>(b) Complaints requiring additional investigation and evaluation:</p> <ul style="list-style-type: none"> • The person/ department responsible for investigating the complaint will gather facts in order to build a clear understanding of the grievance. The investigation/ follow-up can include site visits, review of documents and a meeting with those who could resolve the issue. GM focal point will be informed about the outcomes of the investigation once completed. • Results of investigation and the proposed response to the complainant will be presented by the GM focal point to the Head of the PIU at BDF for consideration. The Head of the PIU at BDF will decide on the course of action. • As needed for complaints involving complex issues (that may require technical evaluation, consultations, site visits, etc.), resolution timeframes may exceed 15 days. In such cases, PFI's GM focal point (in consultation with the Senior Management Representative) will redefine a reasonable timeframe and inform the complainant to agree on a mutually suitable redefined timeframe. PFI's GM focal point will inform the GM focal point at BDF in parallel. Actions will be completed by the PFI in line with the redefined timeframe.
<p>4 Close-out</p>	<ul style="list-style-type: none"> • Immediately upon completion of the planned actions, PFI's GM focal point will consult with the complainant, seek her/his written agreement for grievance closure. As appropriate, agreement documentation shall contain references to the national legislation. • In case of disagreement, PFI's GM focal point will notify the complainant that she/he has the right to apply to other legal remedies (see below section "Appeal Mechanism"). Such notification will be documented and registered in the GM log and the grievance, and the process will be monitored. • PFI's GM focal point will inform the GM focal point at BDF about the outcome of the grievance resolution process.

³⁰ PFI's GM focal point will ensure that there is no conflict of interest (i.e. persons involved in the investigation process should not have any material, personal, or professional interest in the outcome and no personal or professional connection with complainants or witnesses).

2.8.3.2. Procedure for the Management of Sensitive Complaints

Complaints including but not limited to the following will be considered sensitive:

- 1) Gender-based violence (GBV), sexual exploitation and abuse/sexual harassment (SEA/SH) and/or any type of abuse by a staff member of BDF or PFIs.
- 2) Fraud and/or corruption by a staff member of BDF or PFIs, such as involvement in bribery or misusing funds.
- 3) Any action which constitutes a breach of BDF's code of conduct (by BDF or PFI staff) including staff behavior.

Ethics committees (EC) will be established at BDF and at each PFI for the investigation and management of sensitive complaints. These committees will consist of the following members:

- 2 representatives from Senior Management
- Social focal point

If a complaint is raised against a member of the EC, this member will have to be replaced by another relevant staff during the investigation and decision process, whenever this is found out.

The following procedure will be followed:

- **Case (1) – BDF receives a sensitive complaint (from public or employees)**

An investigation will be initiated by at least two members of BDF's EC.

In case of a sensitive complaint, BDF EC will convene within **48 hours of the receipt**.

As required, it will be immediately directed to relevant legal authorities in Ukraine (Ministry of Social Policy of Ukraine, Ukrainian Parliament Commissioner for Human Rights). The process will be monitored by the EC and reported in the grievance logs of BDF in a confidential manner.

If the issue may constitute a criminal offence, the EC has the responsibility to immediately refer the case to the relevant public authorities. However, an internal investigation will be conducted in parallel in order to gather evidence about whether or not the allegations are well founded.

The respective EC will conduct proceedings on the progress of the investigation and inform the complainant regularly. Initial investigation for sensitive complaints will be completed by the respective EC in **5 days**, and a full investigation will be completed within **a month** at the latest.

If necessary, the EC will request internal or external consultancy by experts related to the case, keeping in mind the confidentiality requirement for each case. This pool of experts may for example include a workplace gender diversity expert, an Information Technologies (IT) expert, and/or a legal expert. These technical members will either be consulted as advisors or may lead the investigation with the permanent members if required by the case.

Once the investigation is concluded, the final results are discussed within the EC. The sanction process will be aligned with relevant BDF guidelines and decisions will be taken by the authorized staff within BDF in consultation with the EC representatives.

BDF will ensure that the following actions are taken at minimum:

- (i) Referral of survivors to support services (health, legal, psychosocial, security and other assistance), based on the consent, needs and wishes of survivors;
- (ii) Linkage to the domestic legal system (based on the consent of survivors unless the reporting to the law enforcement agencies is mandatory in Ukraine). Unlike other types of issues, SEA/SH

Grievance Mechanisms do not conduct investigation, make any announcements, or judge the veracity of allegations; and

- (iii) Determination of the likelihood that GBV and SEA/SH allegations relate to the BDF's IFI financed projects or programs. If a GBV or SEA/SH incident is confirmed, social focal point at the BDF will refer the case to a dedicated specialist service provider upon request of the survivor. There is a national hotline for psycho-social support including SEA/SH, the NGO "La Strada Ukraine"³¹ has inclusive anonymous processes that can be accessed.

Public channels available to stakeholders for submission of sensitive complaints in Ukraine are presented in Table 8.

Table 8 – Public Channels available to Stakeholders for Submission of Sensitive Complaints

Channel	Details
La Strada Ukraine	Postal address : Ukraine, 03113, Kyiv – 113, PO Box 26 Tel./fax: : +380 44 205 36 95 E-mail: : info@la-strada.org.ua Website: : https://la-strada.org.ua/ Facebook : https://www.facebook.com/lastradaukraine/
National Toll-free Hot Line on prevention domestic violence, human trafficking and gender-based discrimination	Works 24/7 by calling: <ul style="list-style-type: none"> • From landlines : 0 800 500 335 • From mobile : 116 123 (*) Calls are free, anonymous, confidential.
National Children and Youth Hot Line	<ul style="list-style-type: none"> • From landlines : 0800 500 22 • From mobile : 116 111 (*) Calls are free, anonymous, confidential.
Electronic counseling channels	<ul style="list-style-type: none"> • Skype : lastrada-ukraine • Facebook : @lastradaukraine • Telegram : @NHL116123 • E-mail : hotline@la-strada.org.ua • Instagram : @childhotline_ua • Facebook : @childhotline.ukraine • Telegram : @CHL116111

- **Case (2) – PFI receives a sensitive complaint (from public or employees)**

PFI's EC will notify the BDF's social focal point.

An investigation will be initiated by at least two members of PFI's EC. PFI's social focal point will notify and consult with BDF's social focal about the receipt of complaint. The procedure described under **Case (1)** will be principally followed, as applicable.

Once completed, PFI's social focal point will notify the BDF's social focal point about the outcome of the investigation and seek any feedback.

³¹ La Strada Ukraine is a public human rights organization working to ensure gender equality, peace building, prevention of gender-based violence (GBV), including domestic violence, combating human trafficking and ensuring the rights of children, promoting human rights standards in all spheres of society and the state.



2.8.3.3. Appeals Mechanism

If actions taken on a complaint (from public or employees) have not been resolved to the satisfaction of the complainant, BDF will require initiation of an Appeals Mechanism in consultation with the complainant. The objective of this mechanism will be to provide the complainant with the mediation option in an attempt to resolve the disputed issue through non-judicial processes.

The following parties may be included in the Appeals Committee to perform mediation role as appropriate depending on the type and subject of the grievance:

- Senior Management Representatives (at the BDF and/or PFIs as relevant)
- Relevant governmental authorities
- Third-party experts/ representatives from other third-party institutions depending on the nature of the conflict and subject of the grievance (such as independent technical or legal experts depending on specifics of the complaints, etc.).

The Appeals Committee will determine the actions required to be taken for the resolution of the complaint to the satisfaction of both parties and specify the responsible parties.

The actions to be advised by the Appeals Committee will be binding for the party responsible to take the action for resolution of the grievance.

The Appeals Mechanism will not prevent access to judicial or administrative remedies. As such, the complainants will still have the right to further pursue external remedies, including legal action, in accordance with the Ukrainian legislation.

Processes under the Appeals Mechanism, including any judicial process, will be monitored by BDF and/ or respective PFIs, as relevant.

2.8.3.4. Referral to WB/ IFIs' Grievance Redress Systems

The IFIs financing BDF projects and programs may also have in place grievance redress system.

In BDF projects and programs financed by WB, beneficiary enterprises (including their direct or contracted employees), communities or individuals who believe that they are adversely affected by a WB supported project or program may submit complaints to existing grievance redress mechanisms at the BDF and/or respective PFI, or the WB's Grievance Redress Service (GRS).

The GRS ensures that complaints received are promptly reviewed in order to address related concerns. Beneficiary enterprises (including their direct or contracted employees), communities or individuals can also raise their grievances to the WB Independent Inspection Panel, which determines whether the person or communities that made the complaint were harmed because of the breach of one or more of the WB's performance criteria. The panel can directly convey its concerns about the received complaints to the WB. At this stage, WB would have an opportunity to respond to the complaints. Information on how to submit complaints to the World Bank Inspection Panel is disclosed at www.inspectionpanel.org.

Information on how to submit complaints to the WB's corporate Grievance Redress Service (GRS) is disclosed at <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>.



3. ESMS REVIEW AND UPDATE

BDF's ESMS will be reviewed at least **annually** during the ESMS Implementation to assess effectiveness of the implementation and updated as necessary to reflect changes in national legislative framework, standards of IFIs, BDF's policies and other developments or in specific circumstances such as in case there are changes in the organization structure, following significant incidents, following incorporation of new tools, software or database into the BDF's E&S Risk Management System, etc.

Any update to the BDF ESMS will be subject to approval by BDF Senior Management Representatives and substantial changes to the BDF ESMS will be subject to approval by BDF Board.

Relevant IFIs and PFIs will be notified of substantial updates to the BDF ESMS.

The BDF Risk Management Unit – E&S Risk Management Unit will ensure that changes to the BDF ESMS do not result in deviation from the requirements set forth by the national legislation and the standards of IFIs that finance BDF projects and programs.



ANNEXES

- Annex A** – BDF Beneficiary Enterprises’ Typical Business Activities and Potential Sector-specific E&S Risks and/or Impacts
- Annex B** – BDF Exclusion List
- Annex C** – BDF Indicative List of High and Substantial Risk Activities
- Annex D** – BDF’s E&S Due Diligence (ESDD) of the PFIs (*prior to approval of PFIs’ participation into related BDF programs*)
- Annex E** – BDF’s E&S Action Plan (ESAP) Template (*ESAP to be implemented by respective PFI*)
- Annex F** – PFIs’ E&S Appraisal to their Beneficiary Enterprises’ Business Activities (*prior to PFIs’ decision-making associated with financing of enterprises*)
- Annex G** – PFIs’ E&S Corrective Action Plan (CAP) Template (*CAP to be implemented by Beneficiary Enterprise*)
- Annex H** – E&S Risk Classifications adopted by BDF
- Annex I** – PFI’s ESMS Performance – Periodic Monitoring Report (Outline)
- Annex J** – BDF’s ESMS Performance – Periodic Monitoring Report
- Annex K** – E&S Incident Notification Form Template
- Annex L** – E&S Incident Investigation Form Template
- Annex M** – Change Notification and Review Form



Annex A – BDF Beneficiary Enterprises' Typical Business Activities and their Potential E&S Risks and/or Impacts

Sector (*)	Typical Business Activities of Beneficiary Enterprises and their Characteristics (**)	Potential Sector-specific E&S Risks and/or Impacts (***) as per relevant ESSs
Agricultural		
<p>Large-scale agriculture (*)</p> <p>(*) Farms that are not small scale and thus are able to access sufficient commercial finance under BDF programs)</p>	<p><u>Typical Business Activities of Beneficiary Enterprises in this Sector</u></p> <ul style="list-style-type: none"> • Purchase and use of agrochemicals (such as pesticides, fertilizers, etc.) by agricultural enterprises • Purchase of equipment and materials by agricultural enterprises (e.g. energy supplies for grain elevators) • Small-scale construction activities (e.g. Construction of small farms, warehouses, granaries) by civil works contractors hired by agricultural enterprises (such as civil works for enhancement of agricultural production, repairs to agricultural facilities, etc.) • Transportation and installation of equipment procured by agricultural enterprises <p><u>General Characteristics of those Business Activities (**)</u></p> <ul style="list-style-type: none"> • BDF will have a small number of desk-based staff and consultants (direct and contracted workers) engaged in the management of financing processes and E&S appraisal and management of business activities of beneficiary enterprises • Limited agricultural workforce involvement given the high degree of mechanization • In case of smallholder farmers, associated investments may require additional labor and heighten risk of incidents of child labor 	<p><u>ESS1</u></p> <ul style="list-style-type: none"> • Risks on effective inclusion of women-led businesses struggling to access finances for cultural and capacity reasons or businesses led by disadvantaged or vulnerable individuals/ groups <p><u>ESS2</u></p> <ul style="list-style-type: none"> • Risks on the rights of employees of the beneficiary enterprises • Risks on the working and/or accommodation conditions of the employees of the beneficiary enterprises in case of non-compliance with the GIIPs • Risk of child labor (in case of smallholder farmers, e.g. children on family farms) • Occupational Health and Safety (OHS) risks (e.g. due to unsafe work practices, improper use of personal protective equipment, etc.) • Increased risks of labor health issues resulting from poor site management • Risk on workers (e.g. workers for harvesting agricultural products and maintenance of agricultural machinery) posed by explosive remnants of war (ERW) and indiscriminate or targeted aerial attacks <p><u>ESS3</u></p> <ul style="list-style-type: none"> • Risk of groundwater pollution due to inadequate use of fertilizers and other agrochemicals • Vegetation clearance impact on land plots designated as agricultural but not cultivated for a while (restored habitats) • Environmental impacts due to generation of waste (including hazardous waste) as a result of agricultural activities • Environmental impacts due to agricultural runoff • Risk of erosion (in case of cultivation of previously undisturbed land designated as agricultural) • Risk of accidents leading to environmental pollution (e.g. traffic accidents during transportation of equipment or agricultural materials, environmental spill or leakage from machinery or vehicles involved or due to improper storage and/or use of pesticides, fertilizers or use, etc.) <p><u>ESS4</u></p> <ul style="list-style-type: none"> • Risk of accidents leading to community health and safety issues including vulnerable or disadvantaged members of the community, children on family farms, etc. (e.g. traffic accidents during transportation of equipment or agricultural materials, environmental spill or leakage from machinery or vehicles involved or due to improper storage and/or use of pesticides, fertilizers or use, etc.) • Risk of reduced water availability for communities due to extensive use of water resource • Risk of community exposure to waste (including hazardous waste) generated as a result of agricultural activities and/or small-scale civil works



Sector (*)	Typical Business Activities of Beneficiary Enterprises and their Characteristics (**)	Potential Sector-specific E&S Risks and/or Impacts (**) as per relevant ESSs
	<ul style="list-style-type: none"> No use of voluntary community labor for implementation of activities Civil works contractors hired by agricultural enterprises as part of small-scale construction activities and for transport and installation of equipment procured. Use of pesticides, fertilizers for agricultural production No foreseen activity that may cause temporary or permanent physical or economic displacement, loss of assets or access restrictions Land or property transactions by beneficiaries under the project will be conducted on a willing buyer-willing seller basis as evidenced by records to be provided by the beneficiary Current state of martial law and military activity context mean that there are extremely limited engagement and consultation option Activities would lead to provision of local jobs and income from services (resulting in beneficial impact for communities) 	<ul style="list-style-type: none"> Risk of communicable diseases relating to poor animal welfare and sanitation Increased risks of community health issues resulting from poor site management Risk of fire and/or explosion associated with transition to new sources of energy for grain elevator Dust, noise, odor, and vehicle exhausts during small-scale civil/ repair works or during transportation and installation of equipment procured by agricultural enterprises Traffic jams, temporary road blockades and closures, traffic and road safety risks due to increased traffic volume and movements of heavy-duty vehicles during small-scale civil/ repair works or during transportation and installation of equipment procured by agricultural enterprises Risks to due presence of labor (i.e. COVID 19, Sexual Exploitation and Abuse/Sexual Harassment – SEA/SH risks) <p><u>ESS6</u></p> <ul style="list-style-type: none"> Risk of habitat pollution due to agricultural runoff, in case of improper storage or use of chemicals, extensive use of water resources (affecting aquatic habitats) Fragmentation/ destruction of habitats and loss of biodiversity due to vegetation clearance on land plots designated as agricultural but not cultivated for a while (restored habitats)
Non-agricultural		
Trade	<ul style="list-style-type: none"> To be defined 	<ul style="list-style-type: none"> To be defined
Services	<ul style="list-style-type: none"> To be defined 	<ul style="list-style-type: none"> To be defined

(*) BDF, December 2023.

(**) World Bank, October 17, 2023. ARISE Project Appraisal Document; World Bank July 31, 2023. Appraisal E&S Review Summary – Appraisal Stage.



Annex B – BDF Exclusion List

The **Business Development Fund (BDF)** of Ukraine **Exclusion List** defines the types of business activities of beneficiary enterprises that are **ineligible for BDF financing** through the Participating Financial Institutions (PFIs).

BDF will not finance projects and/or beneficiaries or support PFIs to finance any transactions involving the following:

1. Activities prohibited under the national legislation of Ukraine or international legal instruments ratified by Ukraine.
2. Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans or phase-out, such as pharmaceuticals, pesticides, herbicides, and other toxic substances (under the Rotterdam Convention, Stockholm Convention and World Health Organization (WHO) "Pharmaceuticals: Restrictions in Use and Availability"), ozone depleting substances (under Montreal Protocol), PCB's, protected wildlife or products regulated under CITES, prohibited transboundary trade in waste (under the Basel Convention).
3. Production or trade in weapons and munitions³² including controversial weapons or critical components thereof (nuclear weapons and radioactive ammunition, biological and chemical weapons of mass destruction, cluster bombs, antipersonnel mines, enriched uranium).
4. Production or trade in alcoholic beverages (excluding beer and wine)¹.
5. Production or trade in tobacco¹.
6. Gambling, casinos and equivalent enterprises¹.
7. Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control equipment and any equipment where the radioactive source is considered to be trivial and/or adequately shielded.
8. Production or trade in unbonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
9. Destructive fishing methods and drift net fishing in the marine environment using nets in excess of 2.5 km in length.
10. Production or activities involving harmful or exploitative forms of forced labor³³/ harmful child labor³⁴.
11. Commercial logging operations for use in primary tropical moist forest.

³² This does not apply to project sponsors who are not substantially involved in these activities. "Not substantially involved" means that the activity concerned is ancillary to a project sponsor's primary operations.

³³ Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.

³⁴ Harmful child labor means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development.



12. Production or trade in wood or other forestry products other than from sustainably managed forests.
13. Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals. Hazardous chemicals include gasoline, kerosene, and other petroleum products³⁵.
14. Investments which could be associated with the destruction³⁶ or significant impairment of areas particularly worthy of protection (without adequate compensation in accordance with international standards).
15. Nuclear power plants (apart from measures that reduce environmental hazards of existing assets) and mines with uranium as an essential source of extraction.
16. Prospection, exploration and mining of coal; land-based means of transport and related infrastructure essentially used for coal; power plants, heating stations and cogeneration facilities essentially fired with coal, as well as associated stub lines³⁷.
17. Non-conventional prospection, exploration and extraction of oil from bituminous shale, tar sands or oil sands
18. In selected sectors, financial commitment for concrete new projects will be tied to the following qualitative conditions:
 - a. Large dam and hydropower projects use the recommendations of the World Commission on Dams (WCD) as orientation³⁸.
 - b. Projects for non-conventional prospection, exploration and extraction of gas will disclose in accordance with international standards, that no material groundwater drawdown or contamination is to be expected, that measures for resource protection (in particular water) and recycling are taken, that suitable technology is used for safe drilling, which includes integrated bore piping and pressure testing.

A reasonableness test will be applied when the business activities of the enterprises would have a significant development impact but circumstances of Ukraine require adjustment to the BDF Exclusion List.

³⁵ These items will be applied in case of investing in microfinance activities.

³⁶ "Destruction" means (i) the destruction or severe deterioration of the integrity of an area caused by a major and prolonged change in the use of land or water, or (ii) the alteration of a habitat which leads to the inability of the affected area to perform its function.

³⁷ Investments in power transmission grids with significant coal-based power feed-in will only be pursued in countries and regions with an ambitious national climate protection policy or strategy (NDC), or where the investments are targeted at reducing the share of coal-based power in the relevant grid. In developing countries, heating stations and cogeneration facilities (CHP) essentially fired with coal can be co-financed in individual cases based on a rigid assessment, if there is a particularly high sustainability contribution, major environmental hazards are reduced, and if there demonstrably is no more climate-friendly alternative.

³⁸ Dams with a height of at least 15 meters measured from the foundation or dams with a height between 5 and 15 meters with a reservoir volume of more than 3 million cubic meters.

Annex C – BDF Indicative List of High and Substantial Risk Activities

This list is not exhaustive and illustrative only; it applies to greenfield or capacity extension/increase activities in the categories listed below.

The type of activities listed below are examples of business activities that could result in potentially significant E&S impacts resulting in *High* risk or *Substantial* risk classification depending on the nature, location and scale of the activity. Other activities not listed herein may also require categorization as *High* risk or *Substantial* risk.



The list is intended to provide guidance to both BDF staff, and staff from PFIs BDF is collaborating with, in screening and classification of the E&S risks of business activities considered for financing under projects and programs supported by World Bank, KfW and other IFIs. Thus, the list is by no means considered as binding.

The requirement for the level of E&S assessment in line with the WB ESSs and/or other IFI standards will be determined by BDF and PFIs through a case-by-case examination for each business activity based on the outcomes of the E&S Screening and Risk Classification process carried out taking into consideration the nature, scale, location, and site-based E&S sensitivities of the business activities. For example, any business activity which involves resettlement (unless the risks or impacts of such resettlement are minor), significant risks or impacts on the environment, community health and safety, labor and working conditions, biodiversity and/or cultural heritage, is categorized as *High* risk or *Substantial* risk. Thresholds available within the national legislation, if any, and E&S policies and standards of the IFIs, related to the scale of the activities may be considered by BDF and PFIs as necessary during the E&S Screening and Risk Classification process.

The list may be updated in due course as necessary to reflect any necessary changes in the national legislative framework, standards of World Bank, KfW and other IFIs, BDF's policies and other developments as relevant to BDF's business model.

1. Large-scale primary agriculture or forestation involving intensification, land use change or conversion of priority biodiversity features and/or critical habitats.
2. Large-scale logging or deforestation of large areas.
3. Installations for the intensive rearing of poultry or pigs with more than: (a) 85,000 places for broilers, 60,000 places for hens; (b) 3,000 places for production pigs (over 30 kg); or (c) 900 places for sows.
4. Large³⁹ dams and other installations designed for the holding back or permanent storage of water, where a new or additional amount of water held back or stored exceeds 10 million cubic meters.
5. Large-scale land reclamation and sea dredging operations.
6. Groundwater abstraction activities or artificial groundwater recharge schemes in cases where the annual volume of water to be abstracted or recharged amounts to 10 million cubic meters or more.
7. Works for the transfer of water resources between river basins where that transfer aims at preventing possible shortages of water and where the amount of water transferred exceeds 100 million cubic meters/year, or works for the transfer of water resources between river basins where the multi-annual average flow of the basin of abstraction exceeds 2,000 million cubic metres/year and where the amount of water transferred exceeds 5 per cent of that flow (In both cases transfers of piped drinking water are excluded)
8. Pipelines with a diameter of more than 800 mm and a length of more than 40 km, terminals and associated facilities for the large-scale transport of gas, oil and chemicals or for the transport of carbon dioxide (CO₂) streams for the purposes of geological storage, including associated booster stations.

³⁹ The International Commission on Large Dams defines a large dam as a dam with a height of 15 meters or more from the foundation. Dams that are between 5 and 15 meters high and have a reservoir volume of more than 3 million cubic meters are also classified as large dams.

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9. Installations for storage of petroleum, petrochemical, or chemical products with a capacity of 200,000 tons or more.
 10. Storage sites for the geological storage of carbon dioxide.
 11. Installations for the capture of CO₂ streams for the purposes of geological storage, where the total yearly capture of CO₂ is 1.5 megatons or more.
 12. Municipal wastewater treatment plants with a capacity exceeding 150,000 population equivalent.
 13. Large-scale municipal solid waste-processing and disposal facilities.
 14. Waste-processing and disposal installations for the incineration, chemical treatment or landfill of hazardous, toxic or dangerous wastes.
 15. Large scale waste disposal installations for the incineration or chemical treatment of nonhazardous wastes with a capacity exceeding 100 tons per day.
 16. Large-scale tourism and retail development.
 17. Construction of high voltage overhead electrical power lines.
 18. Large scale wind power installations for energy production (wind farms).
 19. Quarries and open-cast mining where the surface of the site exceeds 25 hectares, or peat extraction, where the surface of the site exceeds 150 hectares.
 20. Industrial plants for the: (a) production of pulp from timber or similar fibrous materials; (b) production of paper and board with a production capacity exceeding 200 air-dried metric tons per day.
 21. Plants for the tanning of hides and skins where the treatment capacity exceeds 12 tonnes of finished products per day.
 22. Integrated chemical installations, i.e. those installations for the manufacture on an industrial scale of substances using chemical conversion processes, in which several units are juxtaposed and are functionally linked to one another and which are for the production of: basic organic chemicals; basic inorganic chemicals; phosphorous, nitrogen or potassium-based fertilizers (simple or compound fertilizers); basic plant health products and biocides; basic pharmaceutical products using a chemical or biological process; or explosives.
 23. Integrated works for the initial smelting of cast-iron and steel; installations for the production of non-ferrous crude metals from ore, concentrates or secondary raw materials by metallurgical, chemical or electrolytic processes.
 24. Activities⁴⁰ which are planned to be carried out or are likely to have a perceptible impact, including cumulative impact in combination with other relevant past, present and reasonably foreseeable developments, on sensitive locations of international, national or regional importance, even if the activity category does not appear in this list. Such sensitive locations include, inter alia, nature protection areas legally protected and/ or internationally recognized, or proposed for such status by national governments, critical habitat or other ecosystems which support priority biodiversity features, areas of archaeological or cultural significance, and areas of importance for indigenous peoples or other vulnerable people.
 25. Activities which may result in significant adverse social impacts to people or group(s) of people who are affected or likely to be affected directly or indirectly by the activity.
 26. Activities which may involve significant involuntary resettlement or economic displacement.

⁴⁰ Including, without limitation, activities that have E&S objectives (such as hydropower or other renewable energy investments).



Annex D – BDF’s E&S Due Diligence (ESDD) of the PFIs

(prior to approval of PFIs’ participation into related BDF programs)

Instructions to PFI Representative(s) assigned to complete the ESDD Information Form

- (1) The following points should assist you in completing this form. Please be descriptive in your responses and attach additional information/ document(s) to supplement your answers as needed.
- (2) Authorized staff with specific responsibilities for environmental and social (E&S) risk management should complete this form including the certification page.
- (3) The purpose of completing this form is to provide information on the following:
 - A. Operations and **Portfolio** Information
 - B. Availability of an **Environmental and Social Management System (ESMS)** in your financial institution and to help BDF and its investors understand E&S risk management capacity in your FI
 - C. **HR and Labor Practice** in your financial institution
 - D. **Life and Fire Safety Practices** in your financial institution
- (4) It is understandable that some information may not be readily available at the time of completion of this form.
- (5) Please address applicable questions and indicate “N/A” or “No Information Available” to other questions that are not applicable or with no available information.
- (6) The following environmental and social focal persons at BDF are available to support your institution. If you have questions regarding this form or wish to discuss or need guidance or assistance for completing the form, please contact E&S focal persons via the following contact information:
 - Environmental Focal Point at BDF:

Name Surname:

Title/ Position:

E-mail:

Phone number:
 - Social Focal Point at BDF:

Name Surname:

Title/ Position:

E-mail:

Phone number:
- (7) Please provide an electronic copy of the completed form to the following e-mail address:



**Instructions to PFI Representative(s)
assigned to complete the ESDD Information Form**

• E-mail:

Certification of the E&S Due Diligence Information
by the Authorized Representative of *Please enter the name of the PFI*)

I am *Please enter Name-Surname* in my role of *Please enter Position* and representing *Please enter the name of the PFI* certify that;

a) To the best of my knowledge, the information provided within this document truly, completely and accurately represents the operations of our organization in all respects at the time of submission, and no such document or material omitted any information the omission of which would have made such document or material misleading.

b) Beyond what is reported in this document, to the best of my knowledge, after due inquiry, there are no:

- Circumstances or occurrences that have given or would give rise to violations of the requirements of applicable national legislation.
- Social unrest, local population disruption or negative Non-governmental Organization (NGO) attention due to the enterprises and their business activities financed by *[Please enter the name of the PFI]*.
- Material E&S risks or issues in relation to the enterprises and their business activities *[Please enter the name of the PFI]*.
- Existing or threatened complaint, order, directive, claim, citation or notice from any authority.
- Any written communication from any person, in either case, concerning the failure of enterprises and their business activities *[Please enter the name of the PFI]* to comply with any matter covered by the IFI standards.
- Ongoing or threatened, strikes, slowdowns or work stoppages by employees of *[Please enter the name of the PFI]* or beneficiary enterprises financed by *[Please enter the name of the PFI]*.

[Please enter Name-Surname of the Authorized Representative of the PFI]

[Please enter Title/ Position and Contact Information]

[Please insert Signature]

[Please insert Date, Location]



A. OPERATIONS AND PORTFOLIO INFORMATION

1. Summary of Current Operations

[Please briefly describe the institution, its regional and branch offices, locations, operations and level of business activity, etc.]

[Describe any management initiatives or equivalent certifications, and provide copies of the relevant certifications and supporting documentation]

Table 1.1 – Management System Initiatives

Management System Initiative	Status of Certified System			Comments/Remarks
	None	Under Development	In Place (Certified/Verified)	
Quality (e.g. ISO 9001)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (e.g. ISO 14001)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Information Security (e.g. ISO 27001)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Occupational, Health and Safety (e.g. ISO 45001)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy (e.g. ISO 50001)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Corporate Social Responsibility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Others.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Others.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Others.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

2. Portfolio Information

[Please complete the below table for the Project Enterprise level]

2.1. Business Lines

Table 2.1 – Business Lines

Product line	Description	Total exposure outstanding for most recent FY year end (in US\$)	Average loan or transaction size (in US\$)
Retail banking/ Consumer loans *			
Long term	Transactions with tenor greater than 12 months		
SME			
Project finance/ Large corporate finance			
Trade finance			
Short term	Transaction with tenor less than 12 months		
ST corporate finance		64.229.076,60	683.288,05
ST trade finance			
Other			
Microfinance			
Equity	Please describe		
Other (if applicable)	Please describe		

2.2. Exposure by Industry Sectors

[Please provide an indicative %of portfolio that these sectors represent of the total SME and LE and corporate portfolio.

If you have a different distribution according to the MIS, please indicate sectors and percentages, or attach separate portfolio information]

Table 2.2(a) – Exposure by Industry Sectors

No.	Industrial Sector	% of Overall Portfolio	% of World Bank Finance Portfolio
1.	Agriculture		
2.	Manufacturing		
3.	Energy and commodities		
4.	Construction and real estate		
5.	Tourism		
6.	Leasing, Factoring		
7.	Retail		
8.	Other		

If you have sub-sectoral information for your Agriculture finance, please indicate the sub-sector grouping and percentages below:

Table 2.2(b) – Exposure by Agricultural Industry Sub-sectors

No.	Agricultural Industry Sub-sector	% of Overall Agri Portfolio	% of World Bank Finance Portfolio
1.	Crop Production		
2.	Animal Production		
3.	Agri food processing		
4.	Agri-trade and commodities finance		
5.	Agri exports		
6.	Other		
7.	Other		
8.	Other		
9.			

2.3. Exposure to BDF Exclusion List

If your institution is involved in providing finance to any of the below sectors/ activities, please provide an indicative % of portfolio that these sectors represent of the total portfolio.

Table 2.3 – Exposure to BDF Exclusion List

No.	Activities	Yes/No	Percentage of Portfolio
1.	Activities prohibited under the national legislation of Ukraine or international legal instruments ratified by Ukraine.		
2.	Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans or phase-out, such as pharmaceuticals, pesticides, herbicides, and other toxic substances (under the Rotterdam Convention, Stockholm Convention and World Health Organization (WHO) "Pharmaceuticals: Restrictions in Use and Availability"), ozone depleting substances (under Montreal Protocol), PCB's, protected wildlife or products regulated under CITES, prohibited transboundary trade in waste (under the Basel Convention).		
3.	Production or trade in weapons and munitions ⁴¹ including controversial weapons or critical components thereof (nuclear weapons and radioactive ammunition, biological and chemical weapons of mass destruction, cluster bombs, antipersonnel mines, enriched uranium).		
4.	Production or trade in alcoholic beverages (excluding beer and wine).		
5.	Production or trade in tobacco.		
6.	Gambling, casinos and equivalent enterprises.		
7.	Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control equipment and any equipment where the radioactive source is considered to be trivial and/or adequately shielded.		
8.	Production or trade in unbonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.		
9.	Destructive fishing methods and drift net fishing in the marine environment using nets in excess of 2.5 km in length.		
10.	Production or activities involving harmful or exploitative forms of forced labor/ harmful child labor.		
11.	Commercial logging operations for use in primary tropical moist forest.		
12.	Production or trade in wood or other forestry products other than from sustainably managed forests.		
13.	Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals. Hazardous chemicals include gasoline, kerosene, and other petroleum products		
14.	Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples.		
15.	Investments which could be associated with the destruction or significant impairment of areas particularly worthy of protection (without adequate compensation in accordance with international standards).		

⁴¹ This does not apply to project sponsors who are not substantially involved in these activities. "Not substantially involved" means that the activity concerned is ancillary to a project sponsor's primary operations.

No.	Activities	Yes/No	Percentage of Portfolio
16.	Nuclear power plants (apart from measures that reduce environmental hazards of existing assets) and mines with uranium as an essential source of extraction.		
17.	Prospection, exploration and mining of coal; land-based means of transport and related infrastructure essentially used for coal; power plants, heating stations and cogeneration facilities essentially fired with coal, as well as associated stub lines		
18.	Non-conventional prospection, exploration and extraction of oil from bituminous shale, tar sands or oil sands		
19.	Large dam and hydropower projects use the recommendations of the World Commission on Dams (WCD) as orientation		
20.	Projects for non-conventional prospection, exploration and extraction of gas		

2.4. Organization Structure

2.4.1. Organization Chart

[Please present the current organizational structure (organogram) of the credit risk unit for IFI financed business activities. Please indicate the Senior Management Representative(s) with overall accountability for E&S performance of the PFI operations projects supported by BDF through IFI financed projects and E&S related roles with reporting lines to Senior Management]

2.4.2. Employees Responsible for E&S Managements

[Please provide the following details for the staff responsible for the management of environmental, OHS, social, external communications, and aspects of financed business activities, ensuring compliance of financed business activities with the national legislation, relevant requirements of the applicable IFI standards and ESMS policy and procedures? Please indicate if more than one person is responsible.

[Please indicate the staff designated to be responsible for day-to-day implementation of the ESMS]

Table 2.4 – Responsible Staff

Management Aspect	Responsible Staff
Senior management representative(s) with overall accountability for E&S performance	Name-surname: : Title/ position: : E-mail: : Phone/mobile: :
Environmental management	Name-surname: : Title/ position: : E-mail: : Phone/mobile: :
Health and safety management	Name-surname: : Title/ position: : E-mail: : Phone/mobile: : <i>Please enter</i>
Social/ External communications (including stakeholder engagement and grievance management)	Name-surname: : Title/ position: : E-mail: : Phone/mobile: :
Others (e.g. Procurement/ supply chain management, etc.)	Name-surname: : Title/ position: : E-mail: : Phone/mobile: :



B. MANAGEMENT SYSTEMS

This section is about the credit review/approval process as part of the organization risk management system.

[Please provide responses to the questions given in the table and add comments/ remarks as needed to provide further explanation/ clarification].

1. Approval/ Appraisal Process

		Yes/No	Comment
1.1	Do you have a written credit review procedure? <i>If yes, please explain procedure/provide a copy.</i>		
1.2	Do you check on compliance of clients/ borrowers to host country social/ labor/ environmental laws? <i>If yes, please explain.</i>		
1.3	Do you have a list of sectors that your organization does not finance? <i>If yes, please list the sectors/ activities.</i>		
1.4	Do you have an environmental and social policy? <i>If yes, please explain.</i>		
1.5	Do you have an Environmental & Social Management System (ESMS)? <i>If yes, please explain/ provide a copy and indicate when it was last updated.</i>		
1.6	Have resources been allocated for implementation of the policy/ procedure? <i>If no, please explain how ESMS is implemented.</i>		
1.7	Please describe how the Environmental & Social Policy is communicated across the organization. For instance, through regularly scheduled internal trainings, internal memos, making a copy of the E&S policy available to all staff?		

ESMS Procedure Details

		Yes/No	Comment
1.8	Do you have E&S screening procedures? <i>Robust procedures at screening will contribute to a more efficient due diligence process. Procedures and/or tools would typically cover: (i) identification of material breaches of the your policy and Exclusions List; (ii) identification of key E&S issues; (iii) categorization of inherent E&S risks/ impact, and (iv) planning of due diligence.</i> <i>If yes, please explain procedure/ provide a copy.</i>		
1.9	Do you have an E&S due diligence procedure? <i>Significant guidance is required at this stage. Procedures and tools would typically cover (i) assessment of the transaction's E&S risks, impacts and opportunities; (ii) assessment of the institution's compliance against applicable standards/ requirements, including guidance on the information to be reviewed; (iii) confirmation</i>		



		Yes/No	Comment
	<p><i>of E&S inherent risk categorisation; (iv) site visits; (v) assessment of the institutions' commitment, capacity and track-record; (v) preparation of due diligence reports; and (vi) engagement of consultants (where appropriate).</i></p> <p><i>If yes, please explain and provide a copy.</i></p>		
1.10	<p>Do you have a mechanism of integrating E&S aspects to investment financing decisions?</p> <p><i>If yes, please explain</i></p>		
1.11	<p>Do you have specific clauses in sub-loan/ finance agreements integrating E&S aspects?<i>i.e. appropriate E&S representations, warranties and covenants are incorporated in each investment agreement is of vital importance. It is advisable to develop a set of standard E&S terms and conditions, which could be adapted to each investment based on the findings of due diligence (e.g. where E&S gaps have been identified and E&S Action Plan (ESAP) should be included in the legal documentation).</i></p> <p><i>If yes, please explain.</i></p>		

2. Supervision/ Monitoring

		Yes/No	Comment
2.1	<p>Do you visit any corporate/ project finance borrowers you finance? <i>If yes, please provide % of projects that are covered, and describe the aspects covered in the site visit including any environmental and social considerations if applicable.</i></p>		
2.2	<p>Do you monitor the environmental and social performance of your borrowers? <i>Site-specific specific safeguard documents such as ESIA's, ESMPs, etc. (depending on the E&S risk category of the activity) can be used for compliance monitoring purposes.</i> <i>If yes, please provide details and provide supporting documents, if applicable.</i></p>		
2.3	<p>Do you receive any non-financial reporting from industrial projects financed by you ? <i>If yes, please provide details.</i></p>		
2.4	<p>Have you worked with any International Finance Institution (IFI, for instance, ADB, EBRD, IDB, IFC) and used their environmental and social guidelines? <i>If yes, please provide details.</i></p>		
2.5	<p>Do you regularly update the Environmental & Social Management System (ESMS)? <i>If yes, please explain frequency and indicate number of updates since start.</i></p>		



3. Capacity

		Yes/No	Comment
3.1	Do you have any officers or a department involved in addressing environmental and social issues in your organization?		
3.2	Has the ESMS team undergone any training? <i>If yes, please describe the training provided.</i>		
3.3	Do you have regularly scheduled training for other departments in the organization? <i>If yes, please describe the training provided to credit officers, legal officers, marketing officers on implementation of the ESMS and give details regarding training format and frequency</i>		

4. Reporting

		Yes/No	Comment
4.1	Is there an internal process to report on environmental and social issues to Senior management? <i>If yes, please explain process, reporting format and frequency.</i>		
4.2	Do you prepare any environmental and social reports for other IFIs or stakeholders? <i>Please explain.</i>		



C. HUMAN RESOURCES AND LABOR PRACTICE

[Name of person responsible for human resource matters]:

[Please provide responses to the questions below. Please include additional sheets or attachments as requested. Please attach the following]:

1. Human Resources Policy
2. Sample Employee Contract
3. Document outlining the HR Policy that is posted in a visible place
4. Sexual Harassment Policy
5. Collective Bargaining Agreement
6. Recruitment Policy
7. Grievance Mechanism
8. Occupational Health and Safety Policy and Procedures

[Please complete below labor statistics within the organization]

		Men	Women	Total
Number of Employees	Management			
	Non-management			
	Contractors			
	Persons with disabilities			
	Total			
	Board Composition			
Age Breakdown	18 – 25			
	26 – 35			
	36 – 45			
	46 - 55			
	> 56			

1. Employment

		Yes/No	Comment
1.1	Does your organization have a human resources policy? Does it contain sections on:		
1.1.1	Entitlement to and payment of salaries?		
1.1.2	Overtime payments, hours of work and any legal maximums?		
1.1.3	Entitlement to leave for holidays, vacation, illness, injury and maternity and other reasons?		
1.1.4	Entitlement to benefits?		
1.1.5	The employees' right to form and join employees' organizations of their choosing without any interference or employment consequences and to bargain collectively with your organization?		
1.1.6	Disciplinary and termination procedures and rights?		
1.1.7	Promotional requirements and procedures?		
1.1.8	Training opportunities?		

		Yes/No	Comment
1.2	Do all employees have written contracts? How many employees have written contracts?		
1.3	Do non-employee workers (contractors) have the same rights as employees? <i>If not, please explain the nature of the work performed by contractors</i>		
1.4	Is the HR Policy readily accessible to employees and are they familiar with the terms of the human resource policy? Is the policy posted in a visible place? Where?		

2. Employee's Organization

		Yes/No	Comment
2.1	Does national legislation or practice restrict the right to form employees' organizations?		
2.2	Do employees' organizations operate in the banking sector in your country?		
2.3	Does your organization recognize or negotiate with one or more employees' organizations?		
2.3.1	If yes, how many unions, which unions and how many employees are represented by employee organizations?		
2.3.2	How often does management meet with employees' organizations and are the outcomes of the meetings recorded?		
2.3.3	Are employees' organizations allowed to represent individual employees in disciplinary proceedings and the like?		
2.3.4	Do unionized and non-unionized workers have the same benefits?		
2.4	Has your organization ever dismissed someone for his or her membership in an employee organization or faced allegations to this effect?		
2.5	Are there other forms of worker representation within the company, for example staff council, consultative bodies, etc.? If yes, what are they?		
2.6	Are employees allowed to meet independently of management?		
2.7	Is there any additional collective agreement, or independent agreements and how are these negotiated?		

3. Non-Discrimination and Equal Opportunity

		Yes/No	Comment
3.1	What is the normal length of service with the institution?		
3.2	Is there any age limit for recruitment?		
3.3	What is your normal process for hiring new members of staff?		
3.4	Have you received any internal complaints over issues of sexual or other harassment? <i>Please explain if any</i>		
3.5	Do you have a policy to deal with sexual harassment?		
3.6	What is your policy with regard to leave for women who are pregnant?		
3.7	Do you ever require women to undergo pregnancy testing? If so, why? How is this information used? What happens if the employee refuses to be tested?		

4. Retrenchment

		Yes/No	Comment
4.1	Does the organization anticipate retrenchment of a substantial number of employees? <i>If yes, have you prepared a retrenchment plan?</i>		
4.2	How many employees will be laid off (by skill level and type of contract)?		
4.3	Describe why there is a need for retrenchment from a business point of view?		
4.4	What is the schedule for carrying out the retrenchment process? When will it be complete?		

5. Grievance Mechanism

		Yes/No	Comment
5.1	Is there a grievance mechanism which enables employees to register and raise concerns?		
5.2	How many times has it been used in the last year?		
5.3	Describe the grievance procedure (how can concerns be raised with management, who deals with the concern, who takes action and provides feedback to the employee)		

6. Labor Fines and Court Cases

		Yes/No	Comment
6.1	Has the labor authority issued fines to the company related to labor issues?		
6.2	Have labor cases been filed against the company in the national/international legal system?		

7. Occupational Health and Safety

		Yes/No	Comment
7.1	Do you have an occupational health and safety (OHS) policy for your institution? <i>If yes, please explain and provide a copy.</i>		
7.2	In sub-loan/ finance agreements do you request your borrowers to have their own OHS policy and plans? <i>If yes, please explain and provide a copy.</i>		
7.3	Do you regularly evaluate OHS risks at work place and do you ask the same from your borrowers? <i>If yes, please explain.</i>		
7.4	Do you have an incident reporting procedure/ mechanism (notification for fatalities, loss time incidents, etc.)?		
7.5	Do you have plans/ procedures for managing OHS? <i>If yes, please explain and provide a copy.</i>		
7.6	Do you monitor your OHS performance (through KPIs, etc.)?		
7.7	Do you have specific personnel for OHS aspects at the corporate and sub-project level?		
7.8	Do you have OHS specific training to staff? <i>What are the key subjects, please explain.</i>		

D. LIFE AND FIRE SAFETY

[Please provide responses to the questions below. Please include additional sheets or attachments as requested. Please attach the following]:

1. Emergency Preparedness and Response Plan;
2. Life and Fire Safety Response Plan, and/or
3. Business Continuity Plan.

1. Regulatory

		Yes/No	Comment
1.1	Do your offices including regional and branch offices have valid Fire Safety permits for all buildings including those on lease issued by appropriate local authorities?		
1.2	When was the last fire safety inspection carried out by the appropriate local authority? What were the key findings of the inspection and have any outstanding issues been addressed?		

2. Operational

		Yes/No	Comment
2.1	Who is responsible for life and fire safety within your organization? <i>Please provide names and their responsibilities for fire safety at corporate level as well as regional and branch levels.</i>		
2.2	Does your institution have fire emergency response plan(s)? If yes, have all employees been informed about the plan?		
2.3	Who is responsible for checking and monitoring life and fire safety facilities and equipment (at corporate and branch level). <i>Please provide copies of a few sample contracts.</i>		
2.4	Do you maintain a log book to record tests and maintenance of life and fire safety equipment at all offices?		
2.5	Has there been any fire incident in the last 2 years involving head office, regional offices, branch offices or any of the branches? <i>If yes, please provide fire incident report including the details of these incidents, the root cause along with corrective actions taken by your organization.</i>		
2.6	Have you defined standard fire safety design specifications (for designing, developing and/ or leasing) for new facilities such as head office, regional offices, branch offices, retail branches, etc.?		

3. Training, Awareness and Competency

		Yes/No	Comment
3.1	Does your organization conduct regular fire drills? When were the last three drills carried out? How many of your staff and contractors (stationed on-site) participated in the last fire drills? <i>Please provide this information for all offices.</i>		
3.2	Has your organization ever conducted fire safety audit? <i>If yes, provide the findings and action taken report.</i>		
3.3	Does your organization provide first aid and firefighting training to staff? <i>If yes, to how many and how often?</i>		



Annex E – BDF’s Environmental and Social Action Plan (ESAP) Template (for implementation by respective PFI)
(ESAP will be part of Facility Agreement between BDF and PFI)

Ref.	Commitment/ Action	Responsibility	Timetable for Completion	Key Performance Indicator (KPI) for Successful Implementation	Status
1.	Assessment and Management of Environmental and Social Risks and Impacts				
1.1.	E&S Instruments				
1.2.	E&S Capacity and Competency				
1.3.	Regular Reporting				
1.4.	Incident and Accident Reporting				
1.5.					
2.	Labor and Working Conditions				
2.1.	HR Policy and Labor Management Plans and Procedures				
2.2.	Grievance Mechanism (GM) for Employees				
3.	Resource Efficiency and Pollution Prevention and Management				
3.1.					
4.	Community Health and Safety				
4.1.					
4.2.					
5.	Land Acquisition, Restrictions on Land Use and Involuntary Resettlement				
5.1.	<i>e.g. Not relevant</i>				



Ref.	Commitment/ Action	Responsibility	Timetable for Completion	Key Performance Indicator (KPI) for Successful Implementation	Status
6.	Biodiversity Conservation and Sustainable Management of Living Natural Resources				
6.1.	<i>e.g. Not relevant</i>				
7.	Indigenous Peoples				
7.1.	<i>e.g. Not relevant</i>				
8.	Cultural Heritage				
8.1.	<i>e.g. Not relevant</i>				
10.	Stakeholder Engagement and Information Disclosure				
10.1.	Stakeholder Engagement				
10.2.	Grievance Mechanism (GM) for Public				



Annex F – PFI’s E&S Appraisal to their Beneficiary Enterprises’ Business Activities (Template)

E&S Due Diligence Form

Please use this place to insert the business logo of the institutions as appropriate

for the Business Activity of Please specify the name of the Enterprise being Assessed
(submitted to BDF by Please specify the name of the PFI)

Instructions to PFI representatives assigned to fill out the E&S Risk Assessment Form:

- (1) Please fill complete this Form considering only the business activities of the prospective beneficiary enterprise that are proposed for BDF financing, if any. Other activities of the enterprise that are not associated with the proposed business activity shall not be considered. Assigned PFI representative may complete the form directly in consultation with the beneficiary representatives as needed or ensure that the form is duly completed by a representative of the enterprise.
- (2) BDF requires the PFI representative to ensure that requested information for each question/item is provided to the extent possible and as applicable in details as this is essential for proper assessment of the potential risk of the business activity and its eligibility for BDF financing under projects financed by International Financial Institutions (IFIs).
- (3) Please contact the **BDF E&S Risk Management Team** in case technical assistance is needed to understand or fill out any of the questions/items.

Part A. General Information on the Beneficiary Enterprise and Business Activity to be Financed

A.1. Name of Enterprise	<i>Please enter</i>	
A.2. Full address of Enterprise/ Business Activity <i>(please give separately if they are different)</i>	<i>Please enter</i>	
A.3. Contact Information of the Representative Persons	<input type="checkbox"/> Senior Management Representative(s): <i>Please enter</i> <input type="checkbox"/> E&S Representative(s): <i>Please enter</i>	
A.4. Type of Enterprise	<input type="checkbox"/> Micro, Small or Medium-sized enterprise (MSME) ⁴² <input type="checkbox"/> Large enterprise	
A.5. Please describe the business activities being financed and all the business process to be followed	<i>Please describe</i>	
A.6. Industry Sector of Business Activity	<input type="checkbox"/> Agricultural	<input type="checkbox"/> Non-agricultural <i>Please specify the sector:</i>

⁴² Enterprises employing less than 250 persons and have an annual income up to 50 million EUR.

E&S Due Diligence Form

Please use this place to insert the business logo of the institutions as appropriate

for the Business Activity of *[Please specify the name of the Enterprise being Assessed]*
(submitted to BDF by *[Please specify the name of the PFI]*)

A.7. List of E&S Permits, Licenses Applicable to the Proposed Business Activities	<p><i>Please specify the permit/ license/ approval, its status (in place, application done & process ongoing, application to be done) issue date, expiry date, any permit conditions, as applicable</i></p> <input type="checkbox"/> Environmental Permit <input type="checkbox"/> Emissions Permit <input type="checkbox"/> Natural Resources Consumption Permit <input type="checkbox"/> Storage of Agrochemicals and Pesticides License <input type="checkbox"/> Other <i>Please specify:</i>
Part B. Information on Financing	
B.1. Type of Financing <i>[Please select]</i>	<input type="checkbox"/> New <input type="checkbox"/> Extension <input type="checkbox"/> Existing <input type="checkbox"/> Other <i>Please specify:</i>
B.2. Financial Package <i>[Please select all if more than one is applicable]</i>	<input type="checkbox"/> World Bank <input type="checkbox"/> KfW <input type="checkbox"/> Other <i>Please specify:</i>
B.3. Facility Type	<input type="checkbox"/> Working capital <input type="checkbox"/> Loan <input type="checkbox"/> Grant <input type="checkbox"/> Guarantee <input type="checkbox"/> Other <i>Please specify:</i>
B.4. Facility (Financing) Amount	<i>Please enter in USD</i>
Part C. E&S Appraisal (Step 2)	
C.1. Transaction Screening (Step 2a)	<p>Is the proposed business activity included in the BDF Exclusion List? (Annex B)</p> <input type="checkbox"/> No <input type="checkbox"/> Yes <i>[Please specify the item number of the related activity under the Exclusion List]</i>
C.2. E&S Risk Identification Methods (Step 2b)	<input type="checkbox"/> E&S Risk Identification and Assessment Checklist completed <i>(given in Tool 1 attached to this Form)</i> <input type="checkbox"/> Site Visit conducted Date of Site Visit: Participants: Key observations: <i>Please describe:</i>
C.3. E&S Risk Category of the Proposed Business Activity? (Step 2c)	<input type="checkbox"/> High <input type="checkbox"/> Substantial <input type="checkbox"/> Moderate <input type="checkbox"/> Low
C.4. E&S Due Diligence Reporting (Step 2d)	Please list any material E&S risks identified through the completion of E&S Risk Identification and Assessment Checklist <i>(given in Tool 1 attached to this Form)</i> :
C.5. E&S Corrective Action Plan (CAP) (Step 2e)	Please develop E&S Corrective Action Plan as required <i>(go to Annex G)</i>

Tool 1 – E&S Risk Identification and Assessment Checklist

(completed by PFI for each Beneficiary Enterprise Proposed for BDF Financing)

Instructions to PFI representatives assigned to fill out the tool:

- For the purposes of this ESMS, BDF has adopted E&S standards (ESSs) forming part of the WB Environmental and Social Framework (ESF). Therefore, the assessment is benchmarked against ESSs⁴³.
- Please provide as much information as possible in the ‘additional information’ section to support the responses provided.
- For sector-specific information on E&S risks, please refer to:
 - First for Sustainability Factsheets: <http://firstforsustainability.org/risk-management/understanding-environmental-and-social-risk/risk-by-industry-sector/>
 - WBG EHS Guidelines: www.ifc.org/ehsguidelines
 - Environmental and Social Management System (ESMS) Implementation Handbooks – General and Industry-sector specific: <https://www.ifc.org/en/insights-reports/2015/publications-handbook-esms-general>
- If any of the questions cannot be answered or information cannot be provided by the PFI representative (in consultation with the enterprise representatives as needed) based on the current knowledge or stage of the proposed business activity, those questions should be left blank and the reasons, timeframe when the information might be available, etc. should be noted under the respective Remarks/Details column.
- Please contact the **BDF E&S team** in case technical assistance is needed to understand or fill out any of the questions/items.

No.	Aspect/ Process/	Requirement	Yes	No	N/A	Additional Information/ Remarks
ESS1	Assessment and Management of E&S Risks and Impacts	a. Does the enterprise comply with national regulatory requirements in its business activities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
		b. Does the enterprise have proof of valid environmental permits and licenses for the business activity proposed for finance? <i>(such as Environmental Impact Assessment decision, water use license, construction permit, effluent discharge permit, etc.)</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<i>Please list the applicable permits and indicate the status, issue and expiry dates, validity conditions if any, etc. under Part B of the E&S Due Diligence Form.</i>
		c. Does the enterprise have an E&S Policy/ Management System? Is there any system in place to manage the E&S risks of its business activities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
		d. Please describe the system/ procedure in place to identify, assess and manage the potential E&S risks and impacts related to the enterprise’s business activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

⁴³ No indigenous peoples who meet the criteria described under WB ESS7 reside in the territory of Ukraine.



Tool 1 – E&S Risk Identification and Assessment Checklist

(completed by PFI for each Beneficiary Enterprise Proposed for BDF Financing)

		e. Has the enterprise designated an E&S Manager and/or Officer to manage E&S risk and impacts of its business activities? Please provide the name of the designated employee.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
		f. Does the enterprise have an emergency preparedness and response plan , if applicable?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ESS2	Labor and Working Conditions	a. Does the enterprise have a Human Resource (HR) Policy that is consistent with the requirements of the Ukrainian legislation? Please highlight the major policies covered.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
		b. Does the enterprise apply the principle of non-discrimination in the process of hiring, compensation, and terms of employment including to the vulnerable or disadvantaged employees?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
		c. Does the enterprise provide its workers with a safe and healthy working environment ?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
		i) Where applicable does the enterprise provide workers with and mandating that workers use personal protective equipment (PPE) ?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
		ii) Does the enterprise have occupational health and safety (OHS) procedures ?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
		iii) Does the enterprise track and report on rates of injury, occupational diseases, lost days, and number of work-related fatalities? Please provide recent data.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
		iv) Does the enterprise have training programs in place for workers on OHS?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
		d. Is the enterprise involved in harmful child labor or forced labor (including supply chain)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
		e. Is the enterprise involved in forced labor (including supply chain)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ESS3	Pollution Prevention and Resource Efficiency	a. Does the enterprise implement measures for improving efficiency in its consumption of energy, water, raw materials and other resources and inputs ?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
		b. Does the enterprise generate any air, liquid or solid waste emissions during construction and/or operational phases? If yes, please provide details.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Tool 1 – E&S Risk Identification and Assessment Checklist

(completed by PFI for each Beneficiary Enterprise Proposed for BDF Financing)

		<p>c. Please describe the procedures in place for monitoring air and water emissions. Please provide a copy of any effluent discharge permit issued by the local authorities.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
		<p>d. Does the enterprise have procedures to guide the storage, handling, and disposal of solid wastes (including hazardous waste) emanating from its business? If yes, provide brief details.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
		<p>e. Are the diesel storage tanks fitted with secondary containment?</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
		<p>f. Is there an emergency response procedure in place to manage spills or accidental discharges?</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ESS4	Community Health and Safety	<p>a. Are there local communities in close proximity to the enterprise's facilities used within the scope of business activity? Does the enterprise have procedures to address community health, safety and security issues in the context of its operations?</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
		<p>b. Does the enterprise have safety procedures in place to deal with hazardous material release, transport and disposal in order to avoid or to minimize exposure of local communities to those materials? Please describe.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
		<p>c. Does the enterprise engage armed security personnel to provide security services at their facilities? If so, do the contract provisions include guidelines on how security personnel shall interact with communities in close proximity to the facilities of used within the scope of business activity?</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ESS5	Land acquisition, land use restrictions and involuntary resettlement	<p>Is there any land acquisition took place/ planned for the proposed business activity?</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	If yes, not eligible for the WB finance under Basic ESMS of BDF
		<p>a. Has there been any physical and/ or economic displacement as a result of land acquisition for the proposed business activity?</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
		<p>b. Does the proposed business activity impact on biodiversity? Has the enterprise minimized impacts and implemented mitigation measures?</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ESS6	Biodiversity Conservation and Sustainable Natural Resource Management	<p>a. Is the proposed business activity located in a legally protected area? If yes, confirm that the company has the requisite approvals to operate in such area</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	If yes, not eligible for the WB finance under Basic ESMS of BDF
		<p>b. Is the proposed business activity located in an area where cultural heritage objects, sites and structures (e.g. artefacts, archeological sites, graves, and sacred forests) can be found?</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	



Tool 1 – E&S Risk Identification and Assessment Checklist

(completed by PFI for each Beneficiary Enterprise Proposed for BDF Financing)

ESS8	Cultural Heritage	a. Is the proposed business activity located in a legally protected area ? If yes, confirm that the company has the requisite approvals to operate in such area				If yes, not eligible for the WB finance under Basic ESMS of BDF
ESS10	Stakeholder Engagement and Information Disclosure	a. Is the proposed business activity located in an area where cultural heritage objects, sites and structures (e.g. artefacts, archeological sites, graves, and sacred forests) can be found?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Annex G – PFI’s E&S Corrective Action Plan (CAP) Template (for implementation by Beneficiary Enterprises)

(CAP will be part of Facility Agreement between PFI and Beneficiary Enterprise and monitored throughout financing life cycle)

[Please list the non-compliances identified as part of PFI’s Appraisal of BDF Beneficiary Enterprises’; present the supporting documentation as an annex to this report as necessary]

Corrective Action Plan (CAP ⁴⁴) for [Please specify the name of the Beneficiary Enterprise]							
No.	Reference: (a) National legislation (b) IFI E&S requirements (c) ESAP (d) Other applicable E&S requirements	Subject of Non-Compliance/ Gap	Description of Non-Compliance/ Gap	Description of Corrective Action to be taken by Enterprise	Timeframe for Completion of Action	Status of Action	Remarks
1.	e.g. Non-compliance with national legislation	e.g. No valid EIA license in place	e.g. xxx permit not in place/ expired	e.g. Complete the permitting process through application to xxx authority	e.g. Q1 202x e.g. Prior to disbursement by PFI	e.g. Open	
2.	e.g. Non-compliance with national legislation and ESS3 requirements	e.g. Soil pollution	e.g. Leakage from on-site pesticide storage drums	e.g. Repair/replace the leaking equipment, manage contaminated soil in line with national legislation	e.g. Q1 202x e.g. Prior to disbursement by PFI	e.g. Closed	e.g. Involvement of contractors required
3.	e.g. Non-compliance with ESS4 requirements	e.g. Emergency risk	e.g. Emergency Preparedness and Action Plan in line with ESS4 requirements not in place	e.g. Develop an Emergency Preparedness and Action Plan in line with ESS4 requirements	e.g. e.g. Q2 202x e.g. Prior to disbursement by PFI	e.g. Ongoing	e.g. Third-party specialist may be hired
4.							
5.							

⁴⁴ The CAPs are measures necessary to close gaps between the beneficiary enterprise’s existing or proposed practices and the requirements of the WB Environmental and Social Standards (ESS), relevant WBG EHS guideline provisions or other internationally recognized sources, as appropriate.



Annex H – E&S Risk Classifications adopted by BDF⁴⁵

Category	Description
High Risk	<p>A project is classified as High Risk after considering, in an integrated manner, the risks and impacts of the project, taking into account the following, as applicable:</p> <ol style="list-style-type: none"> a. The project is likely to generate a wide range of significant adverse risks and impacts on human populations or the environment. This could be because of the complex nature of the project, the scale (large to very large) or the sensitivity of the location(s) of the project. This would take into account whether the potential risks and impacts associated with the Project have the majority or all of the following characteristics: <ol style="list-style-type: none"> i. long term, permanent and/or irreversible (e.g., loss of major natural habitat or conversion of wetland), and impossible to avoid entirely due to the nature of the project; ii. high in magnitude and/or in spatial extent (the geographical area or size of the population likely to be affected is large to very large); iii. significant adverse cumulative impacts; iv. significant adverse transboundary impacts; and v. a high probability of serious adverse effects to human health and/or the environment (e.g., due to accidents, toxic waste disposal, etc.). b. The area likely to be affected is of high value and sensitivity, for example sensitive and valuable ecosystems and habitats (legally protected and internationally recognized areas of high biodiversity value), lands or rights of Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities and other vulnerable minorities, intensive or complex involuntary resettlement or land acquisition, impacts on cultural heritage or densely populated urban areas. c. Some of the significant adverse ES risk and impacts of the project cannot be mitigated or specific mitigation measures require complex and/or unproven mitigation, compensatory measures or technology, or sophisticated social analysis and implementation. d. There are significant concerns that the adverse social impacts of the project, and the associated mitigation measures, may give rise to significant social conflict or harm or significant risks to human security. e. There is a history of unrest in the area of the project or the sector, and there may be significant concerns regarding the activities of security forces. f. The project is being developed in a legal or regulatory environment where there is significant uncertainty or conflict as to jurisdiction of competing agencies, or where the legislation or regulations do not adequately address the risks and impacts of complex projects, or changes to applicable legislation are being made, or enforcement is weak. g. The past experience of the Borrower and the implementing agencies in developing complex projects is limited, their track record regarding ES issues would present significant challenges or concerns given the nature of the project's potential risks and impacts. h. There are significant concerns related to the capacity and commitment for, and track record of relevant Project parties, in relation to stakeholder engagement. i. There are a number of factors outside the control of the Project that could have a significant impact on the ES performance and outcomes of the project.
Substantial Risk	<p>An activity is classified as Substantial Risk after considering, in an integrated manner, the risks and impacts of the project, taking into account the following, as applicable:</p> <ol style="list-style-type: none"> a. the project may not be as complex as High Risk projects, its ES scale and impact may be smaller (large to medium) and the location may not be in such a highly sensitive area, and some risks and impacts may be significant. This would take into account whether the potential risks and impacts have the majority or all of the following characteristics: <ol style="list-style-type: none"> i. they are mostly temporary, predictable and/or reversible, and the nature of the project does not preclude the possibility of avoiding or reversing them (although substantial investment and time may be required); ii. there are concerns that the adverse social impacts of the project, and the associated mitigation measures, may give rise to a limited degree of social conflict, harm or risks to human security;

⁴⁵ This is based on the E&S risk classification system of World Bank ESF (2018).



Category	Description
	<ul style="list-style-type: none">iii. they are medium in magnitude and/or in spatial extent (the geographical area and size of the population likely to be affected are medium to large);iv. the potential for cumulative and/or transboundary impacts may exist, but they are less severe and more readily avoided or mitigated than for High Risk projects; andv. there is medium to low probability of serious adverse effects to human health and/or the environment (e.g., due to accidents, toxic waste disposal, etc.), and there are known and reliable mechanisms available to prevent or minimize such incidents. <p>b. The effects of the project on areas of high value or sensitivity are expected to be lower than High Risk projects.</p> <p>c. Mitigatory and/or compensatory measures may be designed more readily and be more reliable than those of High Risk projects.</p> <p>d. The activity is being developed in a legal or regulatory environment where there is uncertainty or conflict as to jurisdiction of competing agencies, or where the legislation or regulations do not adequately address the risks and impacts of complex projects, or changes to applicable legislation are being made, or enforcement is weak.</p> <p>e. The past experience of the Borrower and the implementing agencies in developing complex projects is limited in some respects, and their track record regarding ES issues suggests some concerns which can be readily addressed through implementation support.</p> <p>f. There are some concerns over capacity and experience in managing stakeholder engagement, but these could be readily addressed through implementation support.</p>
Moderate Risk	<p>An activity is classified as Moderate Risk after considering, in an integrated manner, the risks and impacts of the project, taking into account the following, as applicable:</p> <ul style="list-style-type: none">a. the potential adverse risks and impacts on human populations and/or the environment are not likely to be significant. This is because the project is not complex and/or large, does not involve activities that have a high potential for harming people or the environment, and is located away from environmentally or socially sensitive areas. As such, the potential risks and impacts and issues are likely to have the following characteristics:<ul style="list-style-type: none">i. predictable and expected to be temporary and/or reversible;ii. low in magnitude;iii. site-specific, without likelihood of impacts beyond the actual footprint of the project; andiv. low probability of serious adverse effects to human health and/or the environment (e.g., do not involve use or disposal of toxic materials, routine safety precautions are expected to be sufficient to prevent accidents, etc.).b. The project's risks and impacts can be easily mitigated in a predictable manner.
Low Risk	<p>A project is classified as Low Risk if its potential adverse risks to and impacts on human populations and/or the environment are likely to be minimal or negligible. These projects, with few or no adverse risks and impacts and issues, do not require further ES assessment following the initial screening.</p>



Annex I – PFI's ESMS Performance – Periodic Monitoring Report (Outline)

Executive Summary

PFI's Representation Statement by Authorized Representative

1. Introduction

2. Overview of BDF Financing Operations under IFI Projects

2.1. Summary of Current Operations

2.2. Portfolio Information (including overall portfolio exposure as a function of E&S risk category or by exposure to industry sector or transaction type as a function of E&S risk category)

3. Summary of ESMS Implementation Performance in IFI Financed BDF Projects during this Reporting Period

3.1. Overall Compliance of PFI Operations with ESS9

3.2. E&S Risk Management

3.2.1. Overall Compliance of PFI Operations with ESSs

3.2.2. PFI's E&S Appraisal of BDF Beneficiary Enterprises

3.3. Organization Capacity and Competency (at the PFI)

3.3.1. Organizational Capacity and Competency

3.3.2. Capacity Building and Training

3.4. E&S Monitoring, Reporting and Review

3.4.1. Monitoring and Reporting Activities (by PFIs)

3.4.2. Significant Incident & Accident Reporting and Investigation

3.4.3. Status of Corrective Action Plan (CAP) Implementation by Beneficiary Enterprises

3.5. External Communications

3.5.1. Stakeholder Engagement Activities

3.5.2. Public Consultation and Information Disclosure Activities

3.5.3. Management of Public (External) Grievances

3.5.4. Management of Internal (Employee) Grievances

4. Status of ESAP Implementation by PFI in BDF Projects Financed by IFIs



Annex J – BDF's ESMS Performance – Periodic Monitoring Report (Outline)

Executive Summary

BDF's Representation Statement by Authorized Representative

1. Introduction

2. Overview of PFIs Financing Operations under IFI Projects

2.1. Summary of Current Operations

2.2. Portfolio Information

2.3. Status of BDF Beneficiary Enterprise Activities

3. Summary of ESMS Implementation Performance in IFI Financed BDF Projects during this Reporting Period

3.1. Overall Compliance of BDF Operations with ESS9

3.2. E&S Risk Management

3.2.1. Overall Compliance of PFI Operations with ESSs

3.2.2. BDF's E&S Due Diligence of PFIs

3.2.3. PFI's E&S Appraisal of BDF Beneficiary Enterprises

3.3. Organization Capacity and Competency (at BDF and PFIs)

3.3.1. Organizational Capacity and Competency

3.3.2. Capacity Building and Training

3.4. E&S Monitoring, Reporting and Review

3.4.1. PFIs Reporting to BDF

3.4.2. BDF Reporting to Senior Management

3.4.3. BDF Reporting to External Stakeholders

3.4.4. Significant Incident & Accident Reporting and Investigation

3.4.5. Status of Non-compliance Management in BDF Beneficiary Projects

3.5. External Communications

3.5.1. Stakeholder Engagement Activities

3.5.2. Public Consultation and Information Disclosure Activities

3.5.3. Management of Public (External) Grievances

3.5.4. Management of Internal (Employee) Grievances

4. E&S Commitment Plan (ESCP) / E&S Action Plan (ESAP) Implementation Status in IFI Financed Projects

Annex K – E&S Incident Notification Form Template (for use by all parties)

1) Incident Details		
Date of Incident: <i>[Please enter]</i>	Time of Incident: <i>[Please indicate]</i>	
Location of the Incident:	<i>[Please indicate]</i>	
Full Name of Beneficiary Enterprise (BE):	<i>[Please indicate]</i>	
Date Reported to PFI (by BE) <i>[Please indicate]</i>	Reported to PFI by: <i>[Please indicate]</i>	Notification Type: <i>[Please indicate; e-mail/phone call/media notice/other]</i>
Date Reported to BDF (by PFI): <i>[Please indicate]</i>	Reported to BDF by: <i>[Please indicate]</i>	Notification Type: <i>[Please indicate; e-mail/phone call/media notice/other]</i>
Date Reported to WB/ IFIs (by BDF): <i>[Please indicate]</i>	Reported to WB/ IFIs by: <i>[Please indicate]</i>	Notification Type: <i>[Please indicate; e-mail/phone call/media notice/other]</i>
2) Type of incident (please check all that apply) ⁴⁶		
<input type="checkbox"/> Fatality <input type="checkbox"/> Lost time injury <input type="checkbox"/> Displacement without due process <input type="checkbox"/> Child labor <input type="checkbox"/> Forced labor <input type="checkbox"/> Disease outbreaks	<input type="checkbox"/> Acts of violence/protest <input type="checkbox"/> Unexpected impacts on heritage resources <input type="checkbox"/> Unexpected impacts on biodiversity resources <input type="checkbox"/> Environmental pollution incident <input type="checkbox"/> Dam failure <input type="checkbox"/> Other	
3) Description/Narrative of Incident		
<p><i>For example:</i></p> <p>I. <i>What is the incident?</i> <i>[Please briefly describe]</i></p> <p>II. <i>What were the conditions or circumstances under which the incident occurred (if known)?</i> <i>[Please briefly describe]</i></p> <p>III. <i>Are the basic facts of the incident clear and uncontested, or are there conflicting versions? What are those versions?</i> <i>[Please briefly describe]</i></p> <p>IV. <i>Is the incident still ongoing or is it contained?</i> <i>[Please briefly describe]</i></p> <p>V. <i>Have any relevant authorities been informed?</i> <i>[Please briefly describe]</i></p>		

⁴⁶ See Appendix 2 for definitions.



4) Actions taken to contain the incident

Short Description of Action	Responsible Party	Expected Date	Status

For incidents involving a Contractor (if any):

Name of Contractor:

Have the works been suspended? Yes No

Note: Please attach a copy of the instruction suspending the works

5) What support has been provided to affected people

[Please briefly describe]

APPENDICES

Appendix 1: Supporting documents

[Note: Please mark the relevant documents available at this stage and submit them attached to the report]:

- Copy of the social security registration records of the victims and involved persons
- Copy of the instruction suspending the works
- Statement of victims
- Statement of witnesses
- Copies of notifications done to the relevant authorities
- Copies of legal investigation reports of relevant authorities
- Copies of E&S training records of the affected and involved persons
- Copies of OHS training records of the affected and involved persons
- Photographs related to the incident
- Others

Appendix 2: Incident Types

The following are incident types to be reported using the environmental and social (E&S) incident response process:

Fatality: Death of a person(s) that occurs within one year of an accident/incident, including from occupational disease/illness (e.g., from exposure to chemicals/toxins).

Lost time injury: Injury or occupational disease/illness (e.g., from exposure to chemicals/toxins) that results in a worker requiring 3 or more days off work, or an injury or release of substance (e.g., chemicals/toxins) that results in a member of the community needing medical treatment.

Acts of violence/protest: Any intentional use of physical force, threatened or actual, against oneself, another person, or against a group or community, that either results in or has a high likelihood of resulting in injury, death, psychological harm, deprivation to workers or project beneficiaries, or negatively affects the safe operation of a project worksite.

Disease outbreaks: The occurrence of a disease in excess of normal expectancy of number of cases. Disease may be communicable or may be the result of unknown etiology.

Displacement without due process: The permanent or temporary displacement against the will of individuals, families, and/or communities from the homes and/or land which they occupy without the provision of, and access to, appropriate forms of legal and other protection and/or in a manner that does not comply with an approved resettlement action plan.

Child labor: An incident of child labor occurs: (i) when a child under the age of 14 (or a higher age for employment specified by national law) is employed or engaged in connection with a project, and/or (ii) when a child over the minimum age specified in (i) and under the age of 18 is employed or engaged in connection with a project in a manner that is likely to be hazardous or interfere with the child's education or be harmful to the child's health or physical, mental, spiritual, moral or social development.

Forced labor: An incident of forced labor occurs when any work or service not voluntarily performed is exacted from an individual under threat of force or penalty in connection with a project, including any kind of involuntary or compulsory labor, such as indentured labor, bonded labor, or similar labor-contracting arrangements. This also includes incidents when trafficked persons are employed in connection with a project.

Strikes: A strike is defined as workers collectively ceasing work in the workplace with the aim of suspending activities or significantly disrupting work according to its nature, either by mutual agreement among themselves or by adhering to a decision made by an organization for the same purpose. In the event of a dispute arising during the negotiation of a collective labor agreement, a strike conducted in accordance with the provisions of the Turkish Law No. 2822, with the aim of safeguarding or improving the economic and social conditions and working conditions of the workers, is referred to as a legal strike. A strike conducted without meeting the required conditions for a legal strike is referred to as an illegal strike. Strikes with political purposes, general strikes, and solidarity strikes are considered illegal strikes.

Unexpected impacts on heritage resources: An impact that occurs to a legally protected and/or internationally recognized area of cultural heritage or archaeological value, including world heritage sites or nationally protected areas not foreseen or predicted as part of project design or the environmental or social assessment.

Unexpected impacts on biodiversity resources: An impact that occurs to a legally protected and/or internationally recognized area of high biodiversity value, to a Critical Habitat, or to a Critically Endangered or Endangered species (as listed in IUCN Red List of threatened species or equivalent national approaches) that was not foreseen or predicted as part of the project design or the environmental and social assessment. This includes poaching or trafficking of Critically Endangered or Endangered species.

Environmental pollution incident: Exceedances of emission standards to land, water, or air (e.g., from chemicals/toxins) that have persisted for more than 24 hours or have resulted in harm to the environment.

Dam failure: A sudden, rapid, and uncontrolled release of impounded water or material through overtopping or breakthrough of dam structures.

Other: Any other incident or accident that may have a significant adverse effect on the environment, the affected communities, the public, or the workers, irrespective of whether harm had occurred on that occasion. Any repeated non-compliance or recurrent minor incidents which suggest systematic failures that the task team deems needing the attention of Bank management.

Annex L – E&S Incident Investigation Form Template

[Notes and instructions for Form Completion]:

- (a) PFIs are required to ensure that this form is to be filled out by the Beneficiary Enterprise (BE) with support from third parties as needed.
- (b) Once completed, the form will undergo a review by the respective PFI and revision by the BE.
- (c) The final version of the form will be submitted to the BDF by the respective PFI.

1) Investigation Findings

For example:

- I. *where and when the incident took place,*
- II. *who was involved, and how many people/households were affected,*
- III. *what happened and what conditions and actions influenced the incident,*
- IV. *what were the expected working procedures and were they followed,*
- V. *did the organization or arrangement of the work influence the incident,*
- VI. *were there adequate training/competent persons for the job, and was necessary and suitable equipment available,*
- VII. *what were the underlying causes; where there any absent risk control measures or any system failures.*

2) Corrective Actions from the investigation to be implemented (to be fully described in Corrective Action Plan – template is given in Appendix 3)

Action	Responsible Party	Expected Date

3a) Fatality/Lost Time Injury Information

Fatality

Lost time injury

Immediate cause of fatality/injury for worker or member of the public (please check all that apply) ⁴⁷:

- | | |
|---|--|
| <input type="checkbox"/> Caught in or between objects
<input type="checkbox"/> Struck by falling objects
<input type="checkbox"/> Stepping on, striking against, or struck by objects
<input type="checkbox"/> Drowning
<input type="checkbox"/> Chemical, biochemical, material exposure
<input type="checkbox"/> Falls, trips, slips
<input type="checkbox"/> Fire & explosion
<input type="checkbox"/> Electrocution
<input type="checkbox"/> Homicide | <input type="checkbox"/> Medical Issue
<input type="checkbox"/> Suicide
<input type="checkbox"/> Project Vehicle Work Travel
<input type="checkbox"/> Non-project Vehicle Work Travel
<input type="checkbox"/> Project Vehicle Commuting
<input type="checkbox"/> Non-project Vehicle Commuting
<input type="checkbox"/> Vehicle Traffic Accident (Members of Public Only)
<input type="checkbox"/> Other |
|---|--|

Name	Age/ Date of Birth	Nationality	Gender	Date of Fatality/ Injury	Cause of Fatality/ Injury	Affected Party (Employee/ Public)
			<input type="checkbox"/> Female <input type="checkbox"/> Male			<input type="checkbox"/> Employee <input type="checkbox"/> Public

⁴⁷ See Appendix 1 for definitions

3b) Financial Support/ Compensation Types

(to be fully described in Corrective Action Plan template – template is given in Appendix 3)

- | | |
|--|--|
| <input type="checkbox"/> No Compensation Required | <input type="checkbox"/> Contractor Insurance |
| <input type="checkbox"/> Workman's Compensation/National Insurance | <input type="checkbox"/> Other |
| <input type="checkbox"/> Contractor Direct | <input type="checkbox"/> Court Determined Judicial Process |

Name	Compensation Type	Compensation Amount (USD)	Responsible Party

4) Supplementary Narrative

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Appendix 1: Definition of fatality/injury immediate causes

- Caught in or between objects:** caught in an object; caught between a stationary object and moving object; caught between moving objects (except flying or falling objects).
- Struck by falling objects:** slides and cave-ins (earth, rocks, stones, snow, etc.); collapse (buildings, walls, scaffolds, ladders, etc.); struck by falling objects during handling; struck by falling objects.
- Stepping on, striking against, or struck by objects:** stepping on objects; striking against stationary objects (except impacts due to a previous fall); Striking against moving objects; Struck by moving objects (including flying fragments and particles) excluding falling objects.
- Drowning:** respiratory impairment from submersion/emersion in liquid.
- Chemical, biochemical, material exposure:** exposure to or contact with harmful substances or radiations.
- Falls, trips, slips:** falls of persons from heights (e.g., trees, buildings, scaffolds, ladders, etc.) and into depths (e.g., wells, ditches, excavations, holes, etc.) or falls of persons on the same level.
- Fire & explosion:** exposure to or contact with fires or explosions.
- Electrocution:** exposure to or contact with electric current.
- Homicide:** a killing of one human being by another.
- Medical Issue:** a bodily disorder or chronic disease.
- Suicide:** the act or an instance of taking, or attempting to take, one's own life voluntarily and intentionally.
- Others:** any other cause that resulted in a fatality or injury to workers or members of the public.
- Project Vehicle Work Travel:** traffic accidents in which project workers, using project vehicles, are involved during working hours and which occur in the course of paid work.
- Non-project Vehicle Work Travel:** traffic accidents in which project workers, using non-project vehicles, are involved during working hours and which occur in the course of paid work.
- Project Vehicle Commuting:** traffic accidents in which project workers, using project vehicles, are involved while travelling to (i) the worker's principal or secondary residence; (ii) the place where the worker usually takes his or her meals; or (iii) the place where he or she usually receives his or her remuneration.
- Non-project Vehicle Commuting:** traffic accidents in which project workers, using non-project vehicles, are involved while travelling to (i) the worker's principal or secondary residence; (ii) the place where the worker usually takes his or her meals; or (iii) the place where he or she usually receives his or her remuneration.
- Vehicle Traffic Accident (Members of Public Only):** traffic accidents in which non-project workers/members of the public are involved in an accident while travelling for any purpose.



Appendix 2: Supporting documents

[Note: Please mark the relevant documents available and submit them attached to the report]:

- Copy of the social security registration records of the victims and involved persons
- Copy of the instruction suspending the works
- Statement of victims
- Statement of witnesses
- Copies of notifications done to the relevant authorities
- Copies of legal investigation reports of relevant authorities
- Copies of E&S training records of the affected and involved persons
- Copies of OHS training records of the affected and involved persons (such as basic OHS training, induction training, visitors training, job-specific training, refreshment training, etc.)
- Photographs related to the incident
- Health examination records of the affected and involved employees
- Copies of Personal Protective Equipment delivery forms (signed copies)
- Root Cause Analysis completed for the incident
- Information/documentation related to any judicial process
- Others

Appendix 3: Corrective Action Plan template

Action No:	Brief Description of E&S non-compliance	Corrective Action	Financial and Human Resources Required	Responsible Party	Due Date for Completion of Corrective Action	Indicators for Successful Completion of Corrective Action	Status of Corrective Action

Annex M – Change Notification and Review Form

Part A – To be completed by the party notifying the change		
A.1. Date of notification	[Please enter]	
A.2. Party notifying the change	[Please enter name]	
A.3. Party being notified	[Please enter name]	
A.4. Name of Beneficiary Enterprise	[Please enter name]	
A.5. Full Address of Beneficiary Enterprise/ Business Activity <i>(please give separately if they are different)</i>	[Please enter name]	
A.6. Date of Facility Agreement	[Please enter]	
A.7. Category of the Change <i>(please select all that apply)</i>	<input type="checkbox"/> Legislative Change	
	<input type="checkbox"/> Administrative/ organizational changes at the decision-making levels	
	<input type="checkbox"/> Staffing changes	
	<input type="checkbox"/> Significant incidents or accidents resulting in increased risk profile	
	<input type="checkbox"/> Changes that may be caused by conflict conditions	
<input type="checkbox"/> Other <i>(please specify below)</i>		
A.8. Detailed description of the change(s)	[Please enter]	
A.9. Documents submitted with Change Notification Form	[Please enter]	
Part B – To be completed by party reviewing the Change Notification Form		
B.1. Assessment of the information provided on the change (e.g. data gaps)	[Please enter]	
B.2. Assessment of the change (e.g. E&S risk implications)	[Please enter]	
B.3. Actions required for the management of change <i>[to be integrated by the PFI to CAP]</i>	Responsible Party	Timeline for Completion
		<i>[implementation to be monitored by PFI as part of periodic E&S monitoring]</i>
<input type="checkbox"/> Change does not lead to any new and additional E&S risks and impacts that require action		
<input type="checkbox"/> Additional permitting process		
<input type="checkbox"/> Re-classification of assigned E&S risk category		
<input type="checkbox"/> Additional E&S baseline study		
<input type="checkbox"/> Additional E&S assessment documentation		
<input type="checkbox"/> Additional E&S management documentation and/or action plans		
<input type="checkbox"/> Additional stakeholder engagement		
<input type="checkbox"/> Additional training, refresher training		
<input type="checkbox"/> Others <i>(please specify)</i>		



Basic Environmental and Social Management System (ESMS)

January 2024